State of North Carolina CDBG-DR Action Plan Amendment 3

CDBG-DR Grants under Public Law 114-223/254 & 115-31

January 4, 2019

STATE OF NORTH CAROLINA DEPARTMENT OF COMMERCE

North Carolina Department of Commerce CDBG-DR Action Plan Under Public Law 114-223/254 & PL 115-31 History Form

Revision History: Action Plan

Amendment #	Date	Page	Description
	04.21.2017		Initial Action Plan Submitted
#1	11.07.2017		Substantial Amendment 1
#2	04.09.2018	38 -46	Non-substantial Amendment 2 Clarification of Method of Distribution
#3	12.16.2018		Substantial Amendment 3 – Method of Distribution and Program Caps

Contents

Summary of Action Plan Changes

The State of North Carolina's Substantial Action Plan Amendment 3 was developed in order to better define program delivery, expand the level of assistance to storm survivors, and accelerate the Hurricane Matthew recovery process. More specifically, this amendment:

- Clarifies the Method of Distribution and delivery of CDBG-DR Funding; and
- Increases program caps for assistance.

In addition, other minor modifications to existing programs were made to clarify program policies and streamline program operations. Changes to the Action Plan are summarized below.

Allocation of CDBG-DR Funding

With the exception of a slight reduction in Planning and Capacity funding, this amendment does not significantly change the current allocation of CDBG-DR funding as shown in Table 1 below.

Table 1
Distribution of CDBG-DR Funds by Program

	Program Allocation	LMI (70%)	MID (80%)	Tier 1	Tier 2
Administration	$11,826,450	$0	$9,408,568	$599,300.00	$215,565.00
Planning	$11,826,450	$0	$9,408,568	$4,000,000.00	$600,000.00
Housing	$104,083,349	$72,838,149	$82,744,929	$32,431,250.00	$8,760,000.00
Buyout and Acquisition	$25,000,000	$17,500,000	$20,000,000		
Small Rental	$18,204,756	$18,204,756	$14,563,805		
Multi-Family	$18,204,756	$18,204,756	$17,204,756		$1,000,000.00
Supportive Services	$10,000,000	$10,000,000	$5,000,000	$5,000,000.00	
Public Housing Authority	$5,000,000	$5,000,000	$5,000,000	$5,000,000.00	
Economic Development	$12,500,000	$8,750,000	$10,000,000		
Infrastructure	$19,883,239	$13,918,267	$19,008,239	$19,008,239.00	$875,000.00
TOTAL	**$236,529,000**	**$164,415,929**	**$192,338,865**	**$66,038,789**	**$11,450,565**
PERCENT OF TOTAL ALLOCATION	**100%**	**70%**	**81%***	**28%**	**5%**

*MID Calculation of 81% does not include the portion of State level administration and planning expenditures that will be captured in the final MID calculation.

Of the allocated amounts, at least 80% of the total funds provided to the state of North Carolina will address unmet needs in HUD's Most Impacted and Distressed (MID) counties of Cumberland, Edgecombe, Robeson, and Wayne which are classified as Tier I Counties and have been allocated portions of overall funds through Sub-Recipient Agreements. Tier II Counties (Beaufort, Bertie, Bladen, Carteret, Columbus, Craven, Duplin, Greene, Hyde, Jones, Lenoir, Martin, Nash, Pamlico, Pitt, Tyrrell, and Wilson) are non-MID counties that submitted applications for CDBG-DR assistance and have been allocated portions of the overall funds through Sub-Recipient Agreements. Funds not allocated to Tier I or Tier II Counties above as well as funds for counties that are not classified as Tier I or Tier II (Anson, Brunswick, Camden, Chatham, Chowan, Currituck, Dare, Franklin, Gates, Halifax, Harnett, Hertford, Hoke, Johnston, Moore, New Hanover, Northampton, Onslow, Pasquotank, Perquimans, Richmond, Sampson, Wake, and Warren) are included in the state controlled / state-centric (NCEM) method of distribution. In addition, 70% of the aggregate of CDBG program funds will be used to support activities benefitting low- and moderate-income persons.

Method of Distribution

The primary purpose of this Action Plan Amendment is to further clarify the method of distribution and delivery for program activities by specifically identifying state administered programs/activities versus those administered by the counties in the state. While the Grantee is the North Carolina Department of Commerce (NCDOC), the agency administering most of the CDBG-DR Programs is the North Carolina Department of Emergency Management (NCDEM).

Supplemental to the Method of Distribution for CDBG-DR funding, Table 2 depicts the method of delivery for the Single-Family Housing Recovery Programs for counties that have elected not to participate in the State-Centric model managed by NCDEM. As can be seen by reviewing this table, the method of program delivery varies depending upon the county in which the applicant resides. While most affected counties have elected to participate in the state-centric model managed by North Carolina Division of Emergency Management (NCDEM) some have chosen to become Subrecipients and administer all or a portion of housing assistance provided by the Single-Family Housing Recovery Program. Table 3 depicts the 8-steps of the Single-Family Housing Recovery Program and the method of program delivery in each county not participating in the state-centric model.

Table 2
Method of Program Delivery for CDBG-DR Single-Family Housing Recovery Programs

	Step 1 Application	Step 2 Eligibility Review	Step 3 Duplication Check	Step 4 Inspection & Environmental Review	Step 5 Grant Determination	Step 6 Contractor Selection	Step 7 Construction	Step 8 Completion
Bertie	S	S	S	S	S	C	C	C
Carteret	S	S	S	S	S	C	C	C
Craven	S	S	S	S	S	C	C	C
Cumberland	C	S	S	S	S	S	S	S
Duplin	S	S	S	S	S	C	C	C
Edgecombe	C	S	S	S	S	S	S	S
Greene	S	S	S	S	S	C	C	C
Martin	S	S	S	S	S	C	C	C
Pender	S	S	S	S	S	C	C	C
Robeson	C	C	C	C	C	C	C	C
Tyrrell	S	S	S	S	S	C	C	C
Wayne	C	S	S	S	S	S	S	S

S=State-Centric Activity administered by NCDEM, C=County-Centric Activity administered by the County and/or Municipality

Program Caps for Assistance

To continue rebuilding storm damaged properties affected by Hurricane Matthew, the caps for assistance must be increased above the originally anticipated amounts as discussed following Table 3 below. Table 3 reflects the anticipated changes that will be sufficient to support current applicants that have completed intake.

Table 3
CDBG-DR Program Caps

Program	Current Program Cap	Proposed Program Cap
Single-Family Rehabilitation	$53,000	$70,000
Single-Family Reconstruction	$125,000	Up to $127 per square foot
Manufactured Home Repair	$1,000 – $15,000	$1,000 – $5,000
Manufactured Home Replacement	$75,000	$60,000 for single-wide homes $90,000 for doublewide homes
Reimbursement for Repairs	$25,000	$70,000
Buyout	Pre-Storm Value up to 2013 FHA limits	Pre-Storm Value up to 2018 FHA limits
Acquisition	Post-Storm Value up to 2013 FHA limits	Post-Storm Value up to 2018 FHA limits
Public Housing Restoration Funds	$53,000 per unit	Awards to PHAs based upon Unmet Needs
Small Business Recovery Assistance	$150,000 per business	$300,000 per business

Justification for the changed caps are as follows:

Single-Family Rehabilitation Cap

The existing $53,000 cap for the single-family rehabilitation program has limited program funding for applicants who applied for assistance to repair their homes and/or sustained subsequent damage from Hurricane Florence. Based up the information gathered during the development of the Damage Assessments and Estimated Cost of Repairs (ECRs), increasing the cap to $70,000 would allow additional LMI households to complete rehabilitation of their home and cover any unmet needs from subsequent damage to the home. Without an increase in the funding cap, many of these households will have funding shortfalls requiring them to obtain gap financing or cause them to withdraw from the program.

Single-Family Reconstruction

Based upon the square footage of applicant homes identified for reconstruction and analysis conducted on the average reconstruction costs in North Carolina, the current $125,000 cap for reconstruction assistance is insufficient. This Action Plan Amendment allows for the Rebuild NC Program to calculate applicant assistance based upon the existing square footage of the total eligible living area under a common roof multiplied by $127 per square foot. Calculating reconstruction costs using this method enables the program to rebuild homes comparable in size to the damaged home while also providing sufficient funding for demolition, disposal, and site work activities that were not anticipated in the original Action Plan.

Manufactured Home Repair

Water damage to manufactured housing often results in serious structural and environmental health hazards for occupants or manufactured housing units that may not be effectively remediated with repair work. In addition, certain repairs to manufactured housing can invalidate the warranty on the home. For this reason, the Rebuild NC Program has determined that replacement of a manufactured home with over $5,000 in damages is more cost effective and provides a longer term, more resilient housing solution for program applicants. Therefore, this Action Plan Amendment limits manufactured home repair work to $5,000. Applicants with repair work exceeding this amount will be encouraged to participate in the Manufactured Home Replacement Program.

Manufactured Home Replacement

The original Action Plan did not fully anticipate demolition and replacement costs of both single-wide and double-wide homes. This Action Plan Amendment eliminates the current $75,000 program cap in order to base replacement costs on the size of the damaged manufactured home and allow for additional site work that may be required. Based upon the average costs of manufactured home replacements in North Carolina, the caps for assistance are as follows:

Single-wide manufactured homes	$60,000 plus costs for additional site work, as required
Double-wide manufactured homes	$90,000 plus costs for additional site work, as required

Reimbursement Cap

Based upon the current pool of applications for the Rebuild NC Programs and evaluation of applicant award amounts, the cap for reimbursement assistance is raised from $25,000 to $70,000 in order to provide additional assistance to LMI and 120% AMI applicants who found it necessary to complete a substantial amount of work on their homes in advance of the launch of the Single-Family Housing Programs. This amount is consistent with the funding level available for rehabilitation and will provide supplemental assistance to almost one-third of owner-occupants who may be eligible for reimbursement.

Buyout and Acquisition Cap

This Action Plan Amendment updates the Buyout and Acquisition Program caps for assistance from the 2013 FHA Mortgage Limits to 2018 FHA Mortgage Limits in advance of the launch of program activities to better align funding caps with current mortgage limits.

Public Housing Authority (PHA) Restoration Program Cap

Since the approval of the last Action Plan Amendment, the Public Housing Restoration Fund Program has received a total of four (4) applications for assistance which average $133,000 per unit. Due to the amount of funding and type of assistance necessary to meet the unmet needs of Public Housing Authorities, using a funding cap based upon $53,000 per unit does not adequately address project activities which may include acquisition, demolition, new construction, as well as the replacement of administrative buildings and maintenance facilities which are necessary to continue PHA operations. For this reason, this Action Plan Amendment eliminates the per unit cap of $53,000 allowing NCDEM to award funding to PHAs based on their specific level of unmet need.

Small Business Recovery Assistance Program (SBRAP) Cap

This Action Plan Amendment increases the maximum loan amount from $150,000 to $300,000 for the Small Business Recovery Assistance Program. The proposed increase is based on an updated assessment of the nature of the unmet needs of potential program beneficiaries. This assessment included ongoing and significant dialogue with the three CDFIs, the program subrecipients, direct engagement with Units of General Local Government (UGLG) officials and local economic developers, and updated data regarding small business loans awarded and denied. Based on the CDFI's underwriting assessments of these borrowers, most continue to have a moderate to significant unmet need for recovery and economic revitalization after receiving a SBRAP $150,000 forgivable loan. This is due to the relative economic size of these businesses' operations compared to smaller businesses and micro-businesses, which were the original program targets.

Additional Action Plan Modifications

Additional Action Plan modifications clarify program requirements, processes, and deadlines as follows:

Elevation Requirements- This version of the Action Plan clarifies the requirement to elevate the lowest floor of substantially damaged structures to two feet above the 100-year floodplain.

Reimbursement- Reimbursement will be available to households with incomes of 120% of AMI or below. This amendment also includes the extension of reimbursement deadline to September 14, 2018 or the date of application, whichever occurs first.

Flood Insurance Premiums- This amendment expands the availability of flood insurance assistance to all LMI applicants with a damaged home located in the 100-year floodplain rather than limiting the assistance to applicants who experienced an increase in flood insurance premiums.

Construction Intent- The method of determining the construction intent (rehabilitation, substantial rehabilitation, or reconstruction) for an applicant's home has been modified as follows:

Rehabilitation- If the relative percentage of repair to the applicant's home is less than 50% of the reconstruction cost, the home will be rehabilitated.

Substantial Rehabilitation- If the relative percentage of repair is between 50-79% of reconstruction costs, the applicant will have the choice of selecting rehabilitation or reconstruction unless the program determines that the applicant's selection is not feasible and/or cost effective.

Reconstruction- If the relative percentage of an applicant's repair equals or exceeds 80% of the reconstruction cost, the home will be reconstructed.

Homeowner Assistance Program- This program has been eliminated as it was described in previous Action Plans but funding was not allocated.

Small Business Recovery Assistance-Modifications were made to identify additional eligible expenses and activities, increase assistance from $150,000 to $300,000 per business, and clarify the role of the Community Development Financial Institutions (CDFIs).*

*Program Expenditures and Outcome*s Tables 23 and 24 have been updated to reflect current and projected performance of the state's CDBG-DR Programs.

All Action Plan changes covered by this Substantial Amendment are highlighted in gray and yellow in the text of the plan for review and comment.

Introduction

Hurricane Matthew began as a Category 5 storm in the Caribbean, before hitting the coast of North Carolina (the State) on October 8, 2016. Fifty counties in North Carolina were declared federal disaster areas with historic communities in eastern North Carolina like Princeville, Kinston, Lumberton, Goldsboro, Fayetteville, and Fair Bluff experiencing catastrophic damages. Matthew lingered along the North Carolina coast for several days, causing rivers and their tributaries to swell and ultimately overflow into adjacent communities. Over a three-day period, central and eastern parts of North Carolina were inundated with rain, and 17 counties set new records for rain and flooding. Five river systems, the Tar, Cape Fear, Cashie, Lumber, and Neuse Rivers, flooded, remaining at flood levels for two weeks.

After Matthew passed, the State assessed the damage and documented that Matthew's impact was devastating, significantly impacting residents in eastern and central North Carolina and causing catastrophic losses in the housing, business, public infrastructure, and agricultural sectors. More than 800,000 families lost power from Matthew, resulting in millions of dollars in food cost losses for families whose food needed to be frozen or refrigerated. 3,744 individuals needed to be moved to shelters, and 77,607 households applied for Federal Emergency Management Agency (FEMA) emergency assistance.

When FEMA completed its analysis of impacts to housing stock, 34,284 households had evidence of flood damage and nearly 5,000 homes had major to severe damage, many of which were located in rural communities, where not only the home but the farm and livestock were impacted and/or lost. The State estimated that more than 300,000 businesses experienced physical and/or economic impacts from the storm, including many small “mom and pop” businesses located in small rural communities. Matthew’s impact on the agricultural industry was particularly hard hit, as the industry has a significant presence in driving the local economy in eastern North Carolina, where the State is among leaders in the nation in livestock and crop production. North Carolina’s farms, including many small multi-generational family farms, along with the firms that provide materials needed to grow livestock and produce crops and food producers that take these products to market, lost tremendous amounts of inventory, livestock, and crops, with millions of dollars of the losses not covered by United States Department of Agriculture (USDA) programs. The impact to communities was also catastrophic, with public buildings, parks, schools, roads, water and wastewater systems, and other public infrastructure heavily impacted. Portions of the interstate system closed in some cases for up to ten days. In total, the State estimated that Matthew’s total economic impact was roughly $2 billion.

Unmet Needs Assessment

The Unmet Needs Assessment within this Action Plan Amendment represents the second analysis of unmet needs in the State of North Carolina following Hurricane Matthew. It presents damage estimates and recovery needs as of October 15, 2017, roughly one year after the flooding occurred, using revised Small Business Administration (SBA) and FEMA data. Since the publication of the State's initial Unmet Needs Assessment in the Spring of 2017, the State has focused recovery actions in four areas:

1. Beginning to design housing programs focused on the findings of the State's initial Unmet Needs Assessment and centered around the needs of low to moderate income persons and housing recovery in the most impacted communities and counties;
2. Completing the State's 50 county planning process to determine how to best align and structure the community recovery program with information and projects developed through this bottom-up community planning process;
3. Working with FEMA to ensure that damages to public infrastructure were captured; and
4. Working to confirm that the Matthew impacts to small businesses and the agricultural sector in particular remains unaddressed nearly a year after the storm.

As a result, the State's prior Unmet Needs Assessment remains valid as housing still has significant unmet needs, in the public infrastructure and facilities area of the Unmet Needs Assessment the State are seeing increases in FEMA public assistance obligations that are in line with initial estimates. In the Economic Recovery section, with new SBA data, it is apparent that the State's small businesses and agricultural enterprises in eastern and central North Carolina continue to need assistance. The analysis presented in the initial Unmet Needs Assessment, particularly for housing and vulnerable populations in most impacted communities remains particularly relevant and is included in this revised analysis as it is unchanged and is a key component for the overall program design.

As part of this Action Plan Amendment, the State of North Carolina has made it a priority to focus on continuing to assist low to moderate income families who experienced severe flooding and saw their homes and communities impacted by Matthew. Therefore, the funding priorities in this action plan emphasize housing and supportive service needs with the majority of this allocation going to housing recovery and housing assistance programs. The State understands that community health is not just about rebuilding homes but restoring the basic fabric of neighborhoods and ensuring future economic health and community infrastructure is restored. Therefore, the State is also providing funding to assist small businesses and farmers struggling to get back on their feet and ensuring that, as the planning process is complete, projects to rebuild and make more resilient communities can occur.

Based on this analysis, effective October 15, 2017, North Carolina's current unmet recovery needs total $1,292,447,463.

Housing

Summary

As part of the Substantial Action Plan Amendment process, the State reviewed and analyzed unmet needs related to disaster recovery. This Unmet Needs Assessment updates the previous analysis provided by the State in the initial Action Plan. While HUD's methodology only addresses part of the full unmet needs of State generated by Hurricane Matthew, the State's updated unmet needs assessment is based on HUD's CDBG-DR Allocation Methodology as published in the January 18, 2016, Federal Register Notice FR–6012–N–01. This unmet need assessment incorporates the housing unmet need addressed through the previous action plan. Based on a variety of data sources consistent with HUD methodology, the State observed the housing unmet need remains largely unchanged. The analysis below validates the State's plan to allocate a majority of the funding, 85% in total funding, and 93% of this allocation to address a continuing housing unmet needs.

Analysis

This housing Unmet Needs Assessment relied heavily on the work that was conducted in the original action plan Unmet Needs Assessment. After comparison of data from FEMA, SBA, and the county planning process, the major changes to the housing Unmet Needs Assessment include a large unmet need for homeowners who wish to sell their homes and relocate to higher and safer ground and additional damages and unmet needs for Public Housing Authorities in storm impacted counties.

Hurricane Matthew inflicted devastating damage to families throughout North Carolina's eastern and central parts. The swelling of the Tar, Neuse, and Lumber Rivers caused rainwater to overflow into neighboring towns, inundating business districts and homes with floodwaters. In total, almost 35,000 homes were damaged in the storm, and the homes of roughly 5,000 families were damaged so extensively as to make them unlivable.

North Carolina's number one priority is to allow families to return to their homes and to ensure those homes are in safe and sanitary conditions. For this reason, the Unmet Needs Assessment focuses on housing recovery programs and supportive services to families and persons in need. This includes an understanding of where homes experienced the greatest damage and the capacity of those families to recover from the disaster.

The analysis and resulting recovery programs also account for long-term sustainability, with a priority placed on the homeowner and renter finding safe and suitable housing rather than simply rebuilding a damaged unit. Therefore, North Carolina will conduct a cost-benefit analysis on rebuilding a severely damaged home versus constructing a new home in an area safe from repetitive flood loss, which will take into account the cost of repairing versus replacement and estimated long-term losses due to repeat flood events.

We began the process of assessing unmet housing need by analyzing the prior Unmet Needs Assessment, which included who applied for FEMA assistance, the first step most flood victims take immediately after a disaster. This information is combined with the State's own damage assessments and the SBA's loan application information. From this data, we generated a detailed understanding of housing damages and recovery needs and compared the original analysis with updated data from FEMA and SBA. Specifically, we were able to estimate the following:

- What counties, towns, and neighborhoods experienced the greatest damage;
- The types of units that were damaged (rental versus homeowner and the structure);
- The incomes of the homeowner or renter impacted, and, combined with household size, the income classification of these impacted families;
- How many homeowners and renters were impacted, categorized by severity of damage;
- An estimate of housing recovery needs (in dollars); and
- In combination with other data, what impacted neighborhoods have a high concentration of vulnerable populations and/or additional needs.

The following is a summary of this analysis, which North Carolina will continue to build upon as the State captures more information from our community engagement meetings and outreach efforts at the county and local level.

Where did most of the damage occur?

Hurricane Matthew impacted 50 counties in North Carolina, largely along the eastern and central regions and along major rivers and tributaries. As previously noted, almost 35,000 families experienced some degree of damage to their homes, but the majority of damage was minor. For the purpose of the Unmet Needs Assessment, we assume that the majority of homes which experienced minor damage have likely been repaired six months after the storm event.

Unfortunately, families whose homes received major to severe damage have a far greater challenge in recovering, particularly when their homes are rendered uninhabitable due to mold, insulation issues, unstable foundations, leaky roofs, and lack of heat or plumbing due to flood damage of pipes and HVAC systems. These families either remain in their damaged homes, living in unsafe conditions because they are unable to find alternative housing they can afford, or they are displaced from their homes. The families with limited resources – low and moderate-income families who have limited savings or disposable income – are the families with the greatest needs. These homes are the focus of this Unmet Needs Assessment. [1]

To determine which counties, towns and neighborhoods experienced major damage, the State mapped the FEMA applications by the address of the damaged unit and then associated that "point" with the neighborhood[2], town, and county the home falls within.

What we found, based on this analysis, is that major housing damage happened in very specific areas, as follows:

64% of major to severe damage is concentrated in the "most impacted" four counties.
52% of major to severe damage is concentrated in 13 towns.
41% of major to severe damage is concentrated in 14 neighborhoods.

So, while damage was widespread due to power outages, minor flooding, and wind damage, the serious impacts of Hurricane Matthew were felt in a specific handful of places. These counties, towns, and neighborhoods are defined in Tables 6 through 8.

[1] Major and Severe Damage is defined using United States (US) Department of Housing and Urban Development's (HUD's) definition within FR-6012-N-01, where an owner-occupied home is considered majorly or severely damaged if it incurs at least $8,000 in real property loss according to FEMA Individual Assistance inspections. Similarly, a renter-occupied home is considered majorly or severely damaged if it incurs at least $2,000 in personal property loss.

[2] For this analysis, a neighborhood is defined as a Census Tract, which is a geographic area defined by the US Census that on average contains 2,000 to 4,000 residents.

Table 4: Most Impacted Counties
(where at least 500 homes experienced major to severe damage)

County	Owners	Renters	Total
CUMBERLAND	364	401	765
EDGECOMBE	247	284	531
ROBESON	645	689	1,334
WAYNE	278	263	541
Total	1,863	1,982	3,845
As % of all Major to Severe Damage in NC	60%	69%	64%

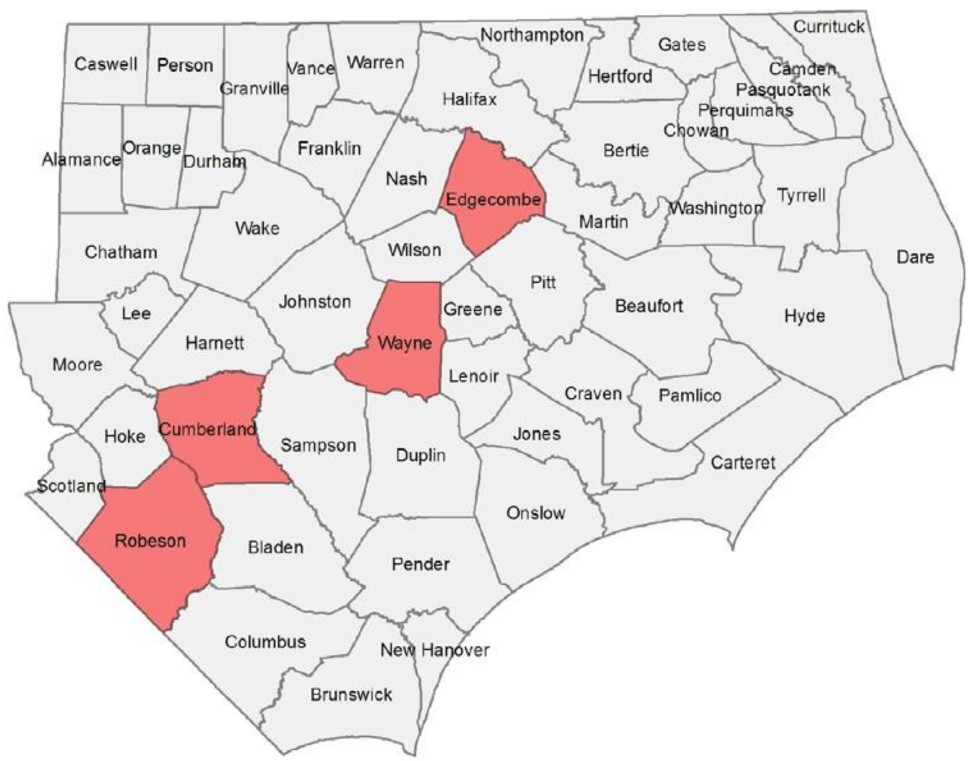
Table 5: Towns that Experienced Major to Severe Damages from Hurricane Matthew
(where at least 100 homes experienced major to severe damage)

County	Community	Damage Level	Owners	Renters	Total
COLUMBUS	Fair Bluff	Severe	50	59	109
CUMBERLAND	Fayetteville	Severe	169	283	452
EDGECOMBE	Princeville	Severe	156	211	367
LENOIR	Kinston	Severe	49	132	181
ROBESON	Lumberton	Severe	350	526	876
WAYNE	Goldsboro	Severe	87	164	251
Total			984	1,570	2,554
As % of All Major to Severe Damage in NC			38%	66%	52%

Table 6: Neighborhoods that Experienced Major to Severe Damages from Hurricane Matthew (where at least 50 homes experienced major to severe damage)

Town	County	Neighborhood	Owner	Renter	Total
LUMBERTON	ROBESON	37155960801	150	320	470
PRINCEVILLE	EDGECOMBE	37065020900	156	211	367
LUMBERTON	ROBESON	37155960802	125	144	269
FAYETTEVILLE	CUMBERLAND	37051003203	26	107	133
FAIR BLUFF	COLUMBUS	37047930600	50	59	109
FAYETTEVILLE	CUMBERLAND	37051000200	53	40	93
Rural	WAYNE	37191000901	44	48	92
GOLDSBORO	WAYNE	37191001500	24	61	85
Rural	ROBESON	37155961802	16	61	77
Rural	DARE	37055970502	47	28	75
Rural	CUMBERLAND	37051003001	52	16	68
Rural	PENDER	37141920502	41	24	65
KINSTON	LENOIR	37107010800	2	62	64
Rural	ROBESON	37155961500	47	14	61

Figure 1: Most Impacted Counties



At Least 500 homes experienced major to severe damage

Figure 2: Most Impacted Communities

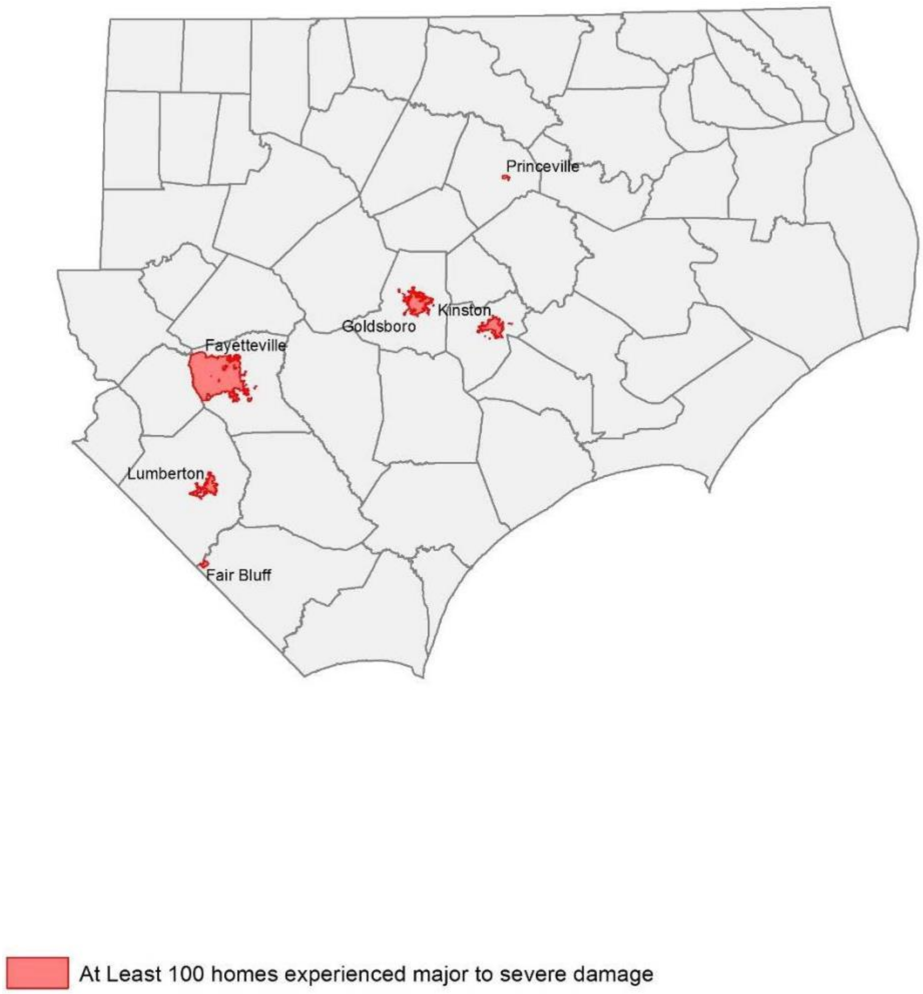
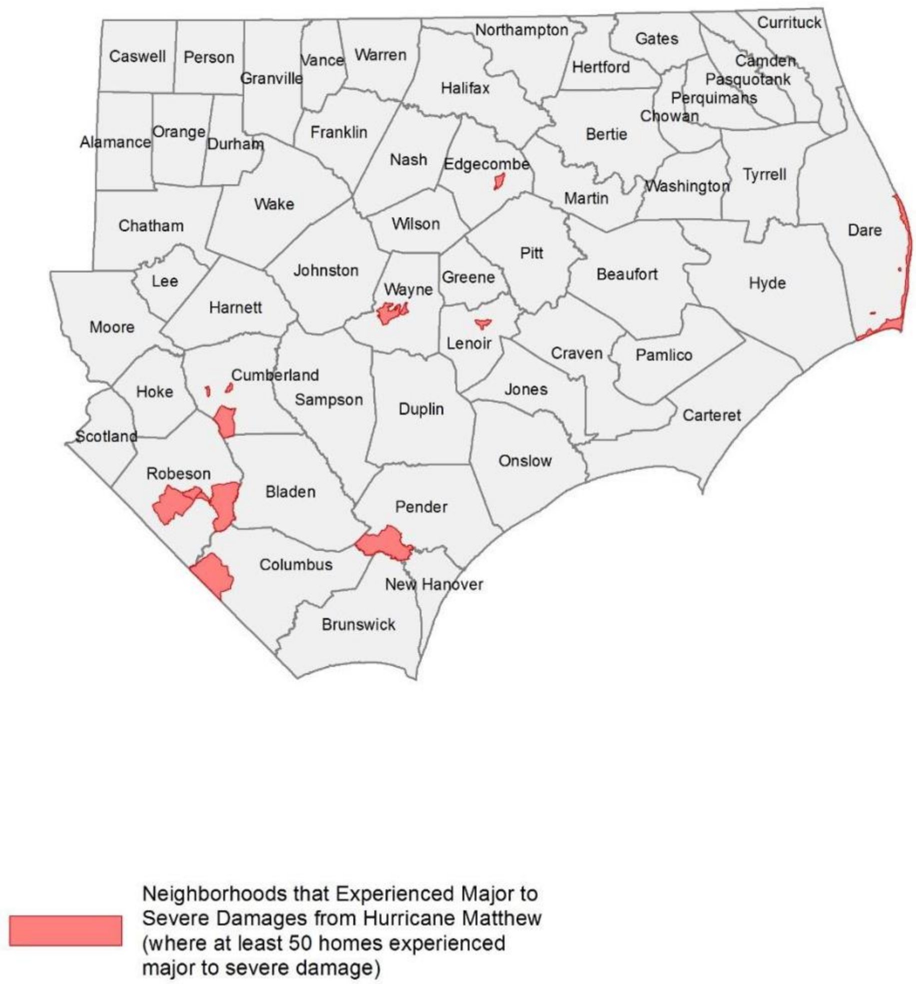


Figure 3: Most Impacted Neighborhoods



Severely Impacted Communities

Hurricane Matthew concentrated its damage within specific areas, in particular riverine communities already grappling with a heavy rain season. There are six towns we consider "severely impacted," where more than 100 homes experienced major to severe damage. These communities are predominantly low- and moderate-income (LMI) and have a higher concentration of African American, Native American, and Hispanic residents.

Princeville – 367 homes had major to severe damage: The town of Princeville, with a population of 2,373, is located in Edgecombe County along the Tar River just south of Tarboro. It is a largely African American community (96% of its residents are African American) and is reportedly the oldest community settled by freed slaves in the US. It is also located in a floodplain that has experienced frequent and substantial flooding over the years. The community is a low- income community, with the median household income of $33,011. In addition to flooded homes, the school and fire station were reported as flooded.

Kinston – 181 homes had major to severe damage: The town of Kinston, with a population of 21,589, is located in Lenoir County along the Neuse River. The community is predominantly African American (67%), and most of its residents are low-income, with the median household income of $28,608. The town experienced substantial damage to its main business district, flooding many small businesses serving the community.

Lumberton – 876 homes had major to severe damage: The city of Lumberton, with a population of 21,707, is located in Robeson County along the Lumber River. A racially and culturally diverse county, where 33.8% of the population is African American, 12.4% Native American (the Lumbee Tribe), and 11% Hispanic/Latino. Most of its families are LMI, with a median household income of $31,899. The community experienced substantial flooding after Hurricane Matthew, particularly along Fifth Street, its main commercial corridor, and among its public housing residents, where almost 500 very low-income renters lost their homes.

Goldsboro – 251 homes had major to severe damage: The town of Goldsboro, with a population of 35,086, is located in Wayne County along the Neuse River. It is a diverse, LMI community, where roughly 53% of the population is African American, and the median income is $29,456. It is also an agricultural community, where substantial livestock was lost.

Fayetteville – 452 homes had major to severe damage: Fayetteville, located on the Cape Fear River in Cumberland County, is a densely populated city of 200,000. It is a middle-income community, with a median household income of $44,514, and is racially diverse, where 41% of the population is African American and 10% are Hispanic. The flooding in Fayetteville was concentrated in the downtown area and in subdivisions near the Little River tributary, where flooding was so severe many residents had to be rescued to evacuate.

Fair Bluff – 109 homes had major to severe damage: Fair Bluff is a small town located along the Lumber River in Columbus County. Given its small population of 1,181 households, it was devastated by Hurricane Matthew, where approximately 25% of all families were severely impacted. The community is racially diverse, with 38% of the population white and 60% African American, and the majority of families are very low-income, with the median household income at $17,008. Fair Bluff's main commercial district was particularly impacted by the floodwaters.

Repairing Owner-Occupied Homes

The Unmet Needs Assessment examines the impact and unmet needs of homeowners using HUD's own standard approach to analyzing housing damages, with slight modifications to the original plan based on available data.

The analysis uses the FEMA Individual Assistance (IA) data, SBA loan data to homeowners, and structural inspections performed by the State as of October 15, 2017. We determine the level of damage each property incurred using FEMA's initial estimate of Real Property Loss and HUD's guidance in FR-60120N-01. The damage categories range from 1 to 5; 1 being Minor-Low Damage and 5 being Severe Damage.

In total, 28,164 homeowners experienced some degree of damage to their homes; 2,569 homeowner families experienced major to severe damage. 78% of the total damages were to and 69% of the homeowners with major or severe damage were LMI.

Table 7: Damage Counts of Owner-Occupied Homes by Damage Category and Income of Homeowner Family

Damage Category	All Owners	Low and Moderate Income (LMI) Owners
Minor-Low	22,795	18,128
Minor-High	2,800	2,102
Major-Low	1,581	1,121
Major-High	830	550
Severe	158	107
Total - All Damage	**28,164**	**22,011**
Total - Major to Severe Damage	**2,569**	**1,780**

Source(s): FEMA IA analysis effective 9/13/17

Because FEMA's initial inspections have historically underestimated damage costs significantly, FEMA's damage estimates are adjusted upwards based on the average SBA loan amount by damage category. For homes that received an SBA inspection, the damage costs are equivalent to that SBA inspection amount. For homes that did not receive an SBA inspection, damage costs are presumed to be the average SBA inspection amount for that damage category.

To estimate unmet needs, the Assessment subtracts the funds received from FEMA, SBA, and insurance from the damage costs. For homeowners that have flood insurance, the analysis assumes insurance covers 80% of the damage costs not covered by FEMA and SBA. The analysis also includes mitigation costs for homes that received major to severe damage, equivalent to 30% of damage costs. This reflects additional measures needed to ensure long-term sustainability of flooded homes.

The initial Unmet Needs Assessment examined what types of owner-occupied homes experienced major to severe damage. Approximately two thirds were single family structures, while the remaining one third were mobile homes.

Table 8: Owner-Occupied Housing Units that Experienced Major to Severe Damage by Structure Type

	Count	Percent
Apartment	1	0%
Boat	1	0%
Condo	4	0%
House/Duplex	1,709	67%
Mobile Home	831	32%
Other	2	0%
Townhouse	4	0%
Travel Trailer	6	0%
(blank)	11	0%
Total	**2,569**	**100%**

Source(s): FEMA Individual Assistance data. Analysis effective 3/15/17

Rental Housing

Almost half of all the housing that withstood major to severe damage from Hurricane Matthew was rental housing. The storm caused severe damage or destroyed at least 2,388 occupied rental homes, with 83% of this damage occurring in the six most impacted counties. In particular, Lumberton experienced the greatest loss of rental housing, with 526 units impacted. This is followed by Fayetteville (283 units) and Princeville (211 units). Far more than owner-occupied homes, the vast majority (86%) of renters severely impacted by the storm were LMI.

Table 9: Damage Counts of Renter-Occupied Homes by Damage Category and Income of Renter Family

	All Renters	Low and Moderate Income Renters
Minor-Low	2,632	1484
Minor-High	1,097	618
Major-Low	963	543
Major-High	1,244	701
Severe	181	102
Total - All Damage	**6,117**	**3,448**
Total - Major to Severe Damage	**2,388**	**1,346**

Source(s): FEMA Individual Assistance data. Analysis effective 9/15/17

Of the rental units, seriously damaged by Hurricane Matthew, we see approximately half were apartment buildings, while 40% were single family homes or duplexes. A significant number of rented mobile homes were also flooded (13% of all major to severe damage).

Table 10: Rental Housing Units that Experienced Major to Severe Damage by Structure Type

	Count	Percent
Apartment	1,084	45%
Assisted Living Facility	4	0%
Condo	13	1%
House/Duplex	955	40%
Mobile Home	308	13%
Other	5	0%
Townhouse	8	0%
Travel Trailer	1	0%
Unknown	10	0%
Total	**2,388**	**100%**

Source(s): FEMA Individual Assistance data. Analysis effective 9/15/17

Other Rental Housing

The State of North Carolina conducted outreach to housing providers in impacted areas to determine the damages, displacement, and unmet needs of subsidized and supportive rental housing. This included emails, a survey, and follow-up phone calls that took place between March 2 and March 20, 2017. NCEM contacted multiple Public Housing Authorities (PHAs), the State Housing Finance Agency, State Community Development Block Grant Disaster Recovery (CDBG-DR) Communities, and North Carolina's Department of Health and Human Services (DHHS) to quantify the disaster's results, understand how it has impacted the families served by the agencies, and determine what needs are still unmet. The following is a summary of these communications. This information will be updated as more details become available to include any data from the most impacted counties and communities.

Public Housing

The State contacted PHAs in the most impacted areas, including Greenville Housing Authority, Pembroke Housing Authority, Lumberton Housing Authority, the Housing Authority of the City of Rocky Mount, and Wilmington Housing Authority. The survey asked which properties/units (if any) were damaged and where they are located; how many people were displaced and if they have returned; what the overall damage cost is; whether the units have been repaired; and if any costs or repairs are remaining. Information was received by four of the five housing authorities, which resulted with Wilmington having no damage, Greenville and Rocky Mount having minor damage, and Lumberton experiencing severe damage. Pembroke is calculating the overall costs and will provide the information when available. Each of these facilities will be eligible for FEMA Public Assistance (PA) and will have, in addition to unmet needs, a 25% local match requirement that will need to be met and is part of the State's unmet need.

Table 11: Survey Results from Public Housing Authorities as of March 15, 2017

City/County	What are the overall damage costs?	What amount of those costs was/is/will be covered by insurance and/or other sources?	Remaining Costs	Are there repairs that still need to be made?
Lumberton	$8,000,000 +/-	$3,000,000 +/-	Yes	Yes, $5,200,000
Greenville	~$8,000-$10,000	None	No	No
Rocky Mount, Edgecombe, Nash Counties	$6,000	$2,020	$3,980	Interior water damage not covered by insurance - repairs are being completed by force labor.
Wilmington	0			
Pembroke	Unknown			

Source: Survey results from PHA outreach, effective 3/10/17.

The Lumberton Housing Authority had, by far, the most extensive damage totaling an estimated $8 million, with approximately $5 million in remaining unmet need. There are currently 264 families displaced, currently living with family members or using housing vouchers, who have yet to move back into their homes as all units are still in the process of being repaired.

In addition to Lumberton, Greenville and Rocky Mount had damages with a combined total of $16,000, and Rocky Mount still has $3,980 costs remaining. In Greenville, 105 Public Housing families were displaced; however, all of the units have since been repaired, and all families have moved back.

The housing programs within this Action Plan will address remaining unmet needs, after taking into account funds available from insurance and other sources, to restore public housing and return families to their homes.

Other Subsidized Housing

Similar to the PHAs, the State sent a survey to the North Carolina Housing Finance Agency (NCHFA), USDA, and other housing providers in impacted communities, to assess damages and unmet needs due to Hurricane Matthew. According to the NCHFA, 397 units were damaged. The agency believes they have sufficient funds to make the needed repairs using insurance proceeds. However, if there are instances where subsidized affordable rental housing has remaining unmet needs, their recovery will be given priority in the rental housing programs outlined in this Action Plan.

Table 12: NC Housing Finance Agency Properties Damaged by Hurricane Matthew

Name	City	County	Units
Prince Court Apartments	Princeville	Edgecombe	30
Asbury Park Apartments	Princeville	Edgecombe	48
Holly Ridge Apartments	Lumberton	Robeson	110
Mount Sinai Homes	Fayetteville	Cumberland	99
ARC/HDS Northampton Co GH	Woodland	Northampton	6
First Baptist Homes	Lumberton	Robeson	40
Cypress Village	Fair Bluff	Columbus	40
Glen Bridge	Princeville	Edgecombe	24

Source: North Carolina Housing Finance Agency, effective 3/10/17

The State also sent surveys to CDBG-DR Entitlement Communities in the impacted areas, and received responses back from Fayetteville and Rocky Mount. In Fayetteville, a reported 952 rental properties were severely damaged, and 671 remain unrepaired. The City cited a need for substantial mitigation and resiliency measures, as many damaged properties were severely damaged, exceeding 50% value. The city is currently determining the costs of repair and unmet needs, after factoring in other federal assistance and insurance proceeds. Rocky Mount reported 340 rental homes damaged and are currently determining repair costs and unmet needs.

Permanent Supportive Housing

The State contacted North Carolina's to understand the impact Hurricane Matthew had on homeless shelters, transitional housing facilities, or any housing facilities that serve those with disabilities or supportive housing damages. They were asked what the total damaged properties were, how many people were displaced, and if they are still displaced.

The DHHS manages the delivery of health- and human-related services for all North Carolinians, especially our most vulnerable citizens – children, elderly, disabled, and low-income families. DHHS has not yet reported damage to any permanent supportive housing or service facilities, while the State is currently assessing unmet needs.

In addition to restoring existing permanent supportive housing and services, this disaster event likely calls for new services to families and residents who have not historically been served by DHHS. For many very low-income owners and renters, older adults, and persons with disabilities, the impact of severe flooding can lead to a variety of needs. For many families, the loss of their homes; lost wages due to job interruption; limited access to transportation; and the stress associated with living in overcrowded or unsafe conditions due to “doubling up” or remaining in their damaged homes out of necessity warrants additional services in the form of emergency housing assistance, mental health support services, homeless prevention services, and health and transportation assistance. The State will address these needs, working closely with local communities, with emphasis on assisting families currently displaced or at risk of displacement.

Housing Unmet Need Summary

The State of North Carolina has taken multiple steps in estimating the unmet housing needs resulting from Hurricane Matthew. This includes conducting field inspections of damaged homes; analyzing and updating FEMA IA data, SBA loan information, and insurance information; conducting county-led planning efforts; and surveying PHAs and other housing providers to determine what financial needs will be required to restore our homes and neighborhoods.

This estimate accounts for the costs to repair damaged homes that are owned or rented by LMI persons. The State estimates that, to assist 7,831 LMI homeowners, it would need an additional $104,081,224 and, to assist 3,448 LMI renters, it would need an additional $68,912,793, which includes providing required mitigation for these homes to avoid future losses, resulting in an additional $172,994,017 in unmet need.

There are additional needs beyond repairing damaged homes. The State has been proactive in initiating outreach with the most impacted communities to determine the cost benefit of repairing homes that experience repetitive flood loss and/or are located in flood-prone areas versus the cost of acquiring these properties and relocating these families to safer ground. This is an ongoing effort, and as of October 15, 2017, the State estimates an additional need of $260,971,916 to elevate homes, or acquire and demolish homes, and then relocate families to new housing. The Table below shows, by county, the number of homeowners that have requested a buyout.

Additionally, the State will require that all new construction and repair of substantially damaged homes meet Advisory Base Flood Elevations, where the lowest floor is at least two feet above the 100-Year Floodplain elevation.

The estimate also accounts for the repair of the public housing units that were severely damaged ($15,200,000) as well as an increased estimate of need for support services for persons needing assistance relating to the homeless, families living in poverty, persons needing medical or mobility assistance due to disabilities, permanent supportive housing needs, persons who are currently displaced and need additional housing assistance, and services to older residents especially challenged by displacement ($17,371,361).

Finally, the unmet needs factors in a preliminary estimate of subsidies needed for LMI homeowners who will expect to see their insurance premiums increase and who will not be able to afford flood insurance once their homes are rebuilt ($8,800,000). In addition, the estimate includes the providing funds to address shortfalls for homeowners who sell their homes to the State through a buyout program and, because of the cost of new housing, will have a gap in what the home sale price was and the cost to move into the new residence ($10,077,200).

These estimates are based on existing data; as the State and local planning efforts continue to work with the most impacted communities, these figures may be adjusted based on better data and feedback.

Table 13: Housing Unmet Needs

Owner - Repair Damages	$104,081,224
Renter - Repair Damages	$68,912,793
Elevation/Buyout	$260,971,916
Public Housing	$15,200,000
Supportive Services	$17,371,361
Homeowner Assistance Program	$10,077,200
Insurance Subsidies for LMI Owners	$8,800,000
TOTAL	**$485,414,494**

Source(s): FEMA Individual Assistance, Small Business home loan data; survey responses from State and local housing providers and agencies; analysis effective 9/13/17

Vulnerability of the Most Impacted Communities

As was articulated in the initial Action Plan, North Carolina's approach to recovering its homes and neighborhoods after Hurricane Matthew is to strategically examine where the damage occurred and then focus its recovery efforts in those areas, paying special attention to the housing types, household types, and special needs of these unique communities. The allocation of funds in the Action Plan Amendment, shows North Carolina's commitment to the most vulnerable communities. The original analysis remains unchanged, and the use of the metrics in this analysis is shaping program design.

Families and individuals with social vulnerabilities oftentimes face greater challenges in evacuating during a disaster event, including finding suitable and affordable housing if displaced, and being able to afford making the repairs needed so that they can return to their homes. To address this issue, North Carolina analyzed IA applications to determine which neighborhoods withstood the brunt of Hurricane Matthew’s impact and then examined the socio-economic and demographic profiles of these neighborhoods.

For the purpose of this study, we consider a neighborhood to be “most impacted,” if at least 25 homes experienced major to severe damage (i.e. homes with a category 3, 4, and 5 damage level, or Major-Low, Major-High, and Severe damage), or where at least 5% of all homes had major to severe damage. The analysis defines vulnerable populations as older residents (65 years old or older), persons with disabilities, homeless or individuals at risk of homelessness, neighborhoods where at least 50% of households earn less than 80% Area Median Income (AMI) (LMI neighborhoods), households with English language barriers, and households who do not own personal vehicles. This data is publicly available using the 2010-2014 American Community Survey (ACS) and is collected at the Census Tract-level (aligned with our definition of a neighborhood). To determine if a Census Tract has a disproportionate number of residents or families with social vulnerability, we compare the figures to state averages, or use HUD-standard benchmarks (i.e. majority of households are low-income, for example).

Based on this analysis, there are five neighborhoods located in Lumberton, Princeville, Fayetteville, and Fair Bluff that were severely impacted (where at least 100 homes experienced major to severe damage). Of these five neighborhoods, an impacted family is more likely to be low-income, minority, and without a family car than what is typical in the State. Among the other impacted neighborhoods, there are pockets of damage where residents have English language barriers, disabilities, and are also low-income and minority neighborhoods. There are no substantially impacted neighborhoods with a disproportionate number of older residents. Even so, North Carolina understands that many older households have substantial rebuilding challenges, and their needs will be addressed through local outreach efforts and prioritization among programs.

Additionally, North Carolina is committed to rebuilding damaged communities in a manner that furthers fair housing opportunities to all residents. For this reason, the Assessment identifies which impacted neighborhoods have a disproportionate concentration of minority populations. As these communities rebuild, the State will focus its planning and outreach efforts to ensure that rebuilding is equitable across all neighborhoods, which may include providing affordable housing in low-poverty, non-minority areas where appropriate and in response to natural hazard-related impacts.

Table 14: Most Impacted Neighborhoods and Social Vulnerability [Y = Disproportionate Social Vulnerability]

Town	County	Neighborhood	Owner	Renter	Total	Disability	Language Barriers	No Access to Vehicle	Minority	LMI
Lumberton	ROBESON	37155960801	150	320	470	N	N	Y	Y	Y
Princeville	EDGECOMBE	37065020900	156	211	367	N	N	Y	Y	Y
Lumberton	ROBESON	37155960802	125	144	269	Y	N	Y	Y	Y
Fayetteville	CUMBERLAND	37051003203	26	107	133	N	N	N	Y	N
Fair Bluff	COLUMBUS	37047930600	50	59	109	Y	N	Y	N	N
Fayetteville	CUMBERLAND	37051000200	53	40	93	Y	N	Y	Y	Y
Rural	WAYNE	37191000901	44	48	92	N	Y	N	N	N
Goldsboro	WAYNE	37191001500	24	61	85	Y	N	Y	Y	Y
Rural	ROBESON	37155961802	16	61	77	Y	N	N	Y	Y
Rural	DARE	37055970502	47	28	75	N	N	N	N	Y
Rural	CUMBERLAND	37051003001	52	16	68	N	N	N	N	N
Rural	PENDER	37141920502	41	24	65	N	N	N	N	N
Kinston	LENOIR	37107010800	2	62	64	Y	N	N	Y	N
Rural	ROBESON	37155961500	47	14	61	N	N	N	N	N
Hope Mills	CUMBERLAND	37051001601	32	17	49	N	N	N	N	N
Fayetteville	CUMBERLAND	37051003800	4	42	46	Y	N	Y	Y	Y
Lumberton	ROBESON	37155961302	23	23	46	N	Y	N	Y	N
Rural	ROBESON	37155961601	35	10	45	N	N	N	Y	N
Goldsboro	WAYNE	37191001400	12	31	43	N	N	Y	Y	Y
Rural	EDGECOMBE	37065021500	34	8	42	N	N	N	N	N
Fayetteville	CUMBERLAND	37051001400	22	20	42	Y	N	N	Y	Y
Goldsboro	WAYNE	37191002000	13	27	40	N	N	Y	Y	Y
Rural	WAYNE	37191001101	27	13	40	N	N	N	N	N
Rural	PENDER	37141920501	31	8	39	N	Y	N	Y	N
Rural	BLADEN	37017950100	34	4	38	Y	N	N	N	N
Seven Springs	WAYNE	37191000602	22	12	34	N	Y	N	Y	N
Kinston	LENOIR	37107010200	7	26	33	Y	N	Y	Y	Y
Rural	SAMPSON	37163971000	30	3	33	N	Y	Y	Y	N
Whiteville	COLUMBUS	37047930900	6	26	32	Y	N	Y	Y	Y
Lumberton	ROBESON	37155960701	29	2	31	N	Y	N	Y	Y
Kinston	LENOIR	37107011300	23	7	30	Y	N	N	N	N
Windsor	BERTIE	37015960400	18	12	30	Y	N	Y	Y	N
Rural	CUMBERLAND	37051001903	0	29	29	N	N	N	N	N
Tarboro	EDGECOMBE	37065021000	10	19	29	N	N	Y	Y	Y
Rural	CRAVEN	37049960200	24	3	27	Y	N	N	N	N
Rural	LENOIR	37107011300	15	12	27	Y	N	N	N	N

Rocky Mount	EDGECOMBE	37065020400	0	27	27	N	N	Y	Y	Y
Rural	WAYNE	37191001000	24	3	27	N	Y	N	N	N
Fayetteville	CUMBERLAND	37051000800	0	26	26	N	N	N	N	N
Rural	CUMBERLAND	37051001400	6	19	25	Y	N	N	Y	Y
Rural	GREENE	37079950102	20	5	25	Y	N	N	Y	Y
Rural	MOORE	37125950501	14	11	25	N	N	N	N	N

Source: Source(s): FEMA Individual Assistance data dated 1/16/17; American Community Survey 2010-2014; analysis effective 3/15/17.

The challenges associated with vulnerable populations can be categorized as follows:

Evacuation Needs – Many low-income families lack the financial capacity to evacuate during a storm event, with limited resources to pay for alternative lodging. Many do not own a vehicle and simply cannot evacuate without assistance. Similarly, older residents and persons with disabilities may not be able to evacuate due to mobility challenges and the need to be near their existing medical care. There are also residents who are unaware of impending disasters due to language barriers and social isolation from to lack of technology. These individuals and families often risk their safety, and even their lives, due to their inability to get out of harm's way as storm approaches. Although the storm has since passed, North Carolina acknowledges that many impacted neighborhoods are at continued risk of flooding in the event of a future storm and are using this flood event to understand what the evacuation needs may be for the neighborhoods hit hardest by flooding.

Displacement and Temporary Housing Needs – The greatest challenge most low-income families face immediately after evacuation is finding suitable temporary housing that is affordable and located near their jobs and basic services. Many are not able to pay for two homes (a mortgage on their damaged home and renting a new home) leading to severe debt or households "doubling up" with other family members. Even more challenging, many older adults and persons with disabilities have mobility challenges and medical needs, and moving far from their existing support network can lead to a sedentary, unhealthy living environment, or worse, a medical crisis. Very low-income residents, persons with disabilities, and many older adults impacted by Hurricane Matthew have supportive service needs like medical care, access to medicine, transportation assistance, and financial support during the rebuilding process.

Rebuilding Needs **–** The long-term goal of North Carolina is to safely return families and individuals to their communities and homes. The cost of repair is a major issue for low-income homeowners, particularly for those whose homes were devastated by flooding and whose insurance did not cover the damages. Many low-income residents cannot afford to move and cannot afford to rebuild. What often happens is that they remain in their damaged home, living in an environment that poses health risks like mold and structural damage. Renters may face even greater challenges, since it is up to the landlord to rebuild or not, and if the rental income was insufficient to encourage rebuilding, the landlord may choose to keep the insurance payout and not rebuild. This leads to long-term displacement of renters, which can be particularly challenging in smaller communities where there is a limited supply of rental units.

North Carolina will address these challenges by tailoring its housing recovery programs to the communities most impacted while providing a suite of supportive services and financial assistance to low-income families and other vulnerable populations struggling to rebuild their lives.

Figure 4: Most Impacted Neighborhoods that are Low- and Moderate-Income

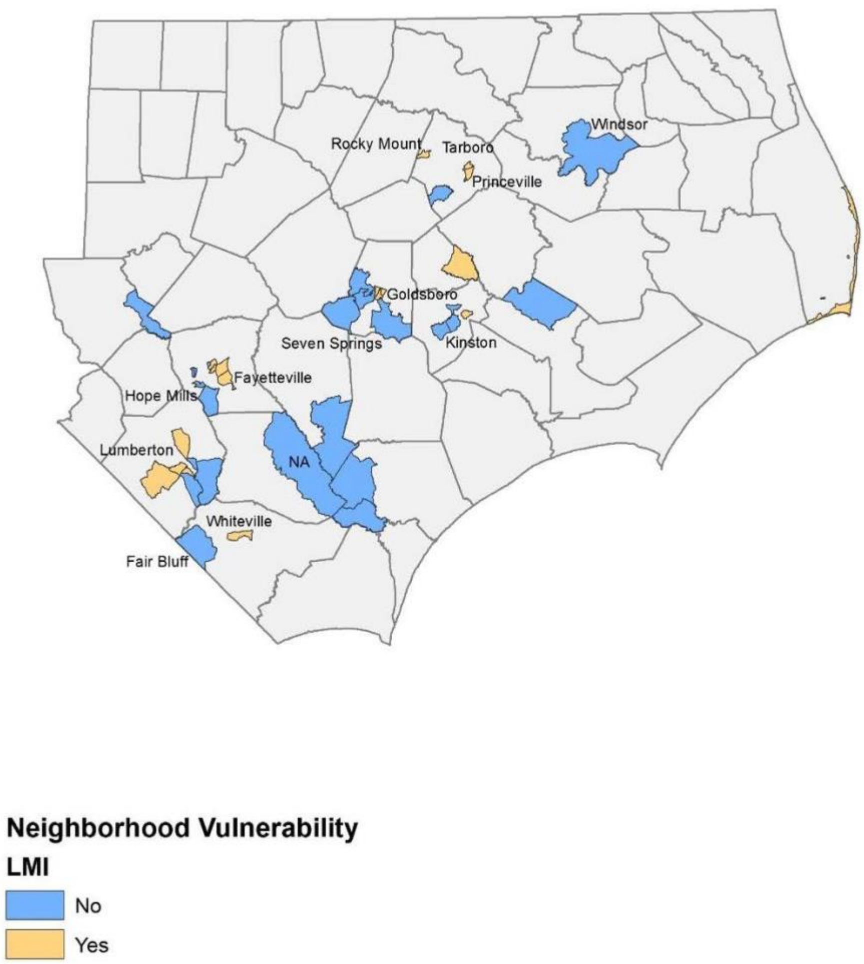


Figure 5: Most Impacted Neighborhoods with a Disproportionate Concentration of Households without a Car

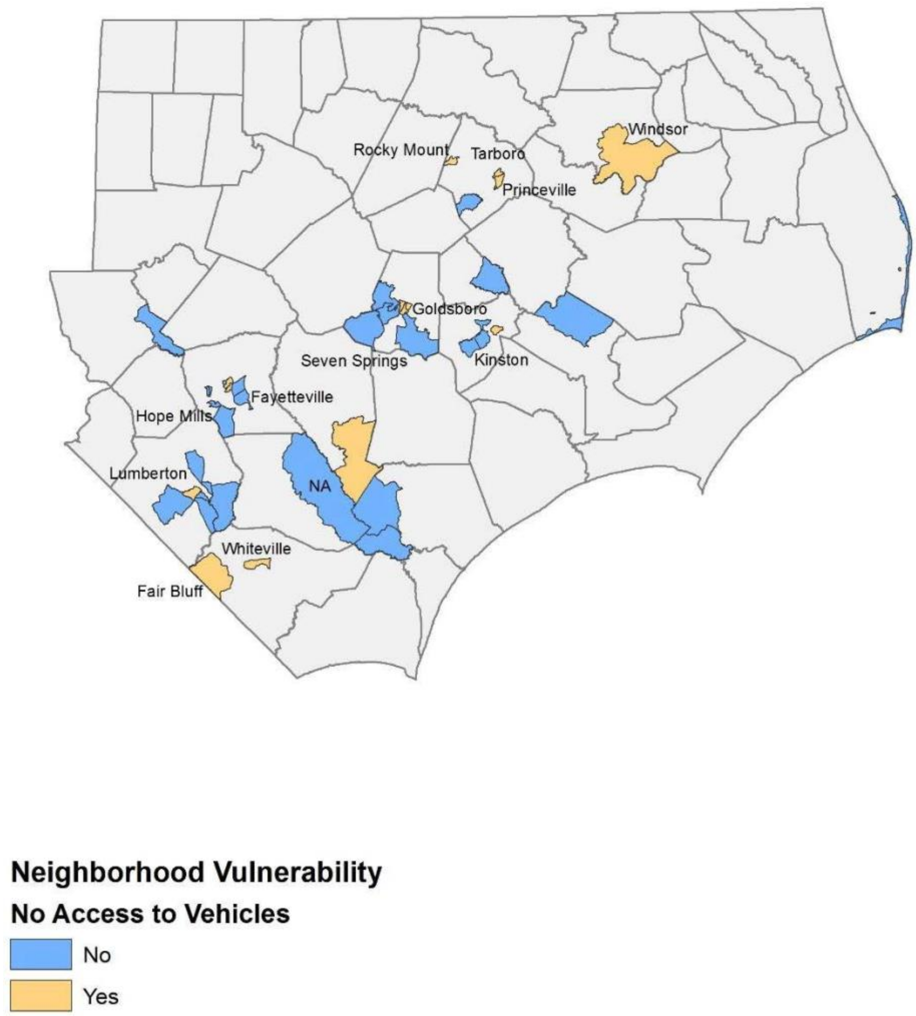
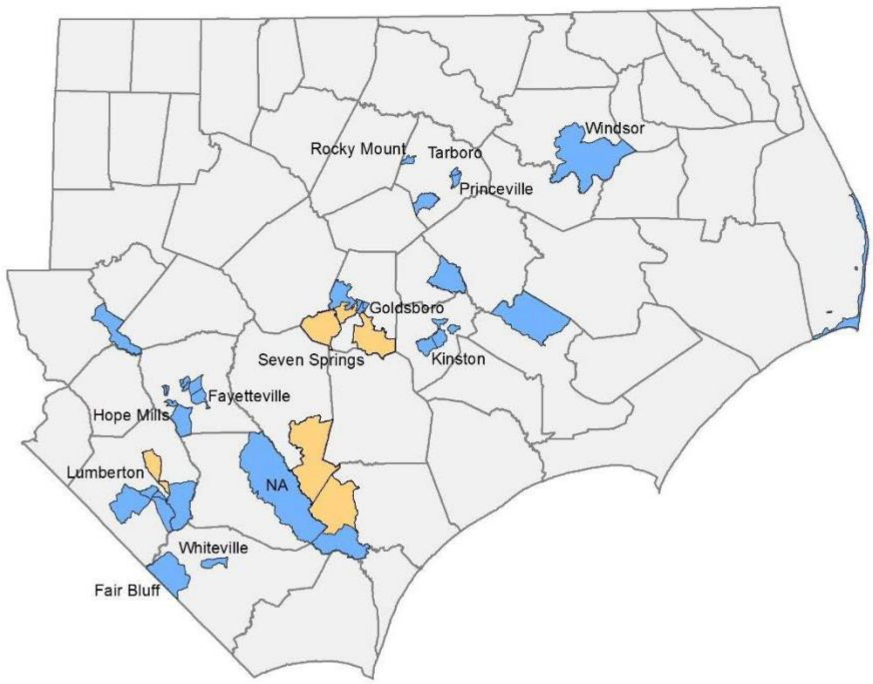


Figure 6: Most Impacted Neighborhoods with a Disproportionate Concentration of Residents who Maintain Language Barriers



Neighborhood Vulnerability

Language Barrier

No

Yes

Figure 7: Most Impacted Neighborhoods with a Disproportionate Number of Residents with Disabilities

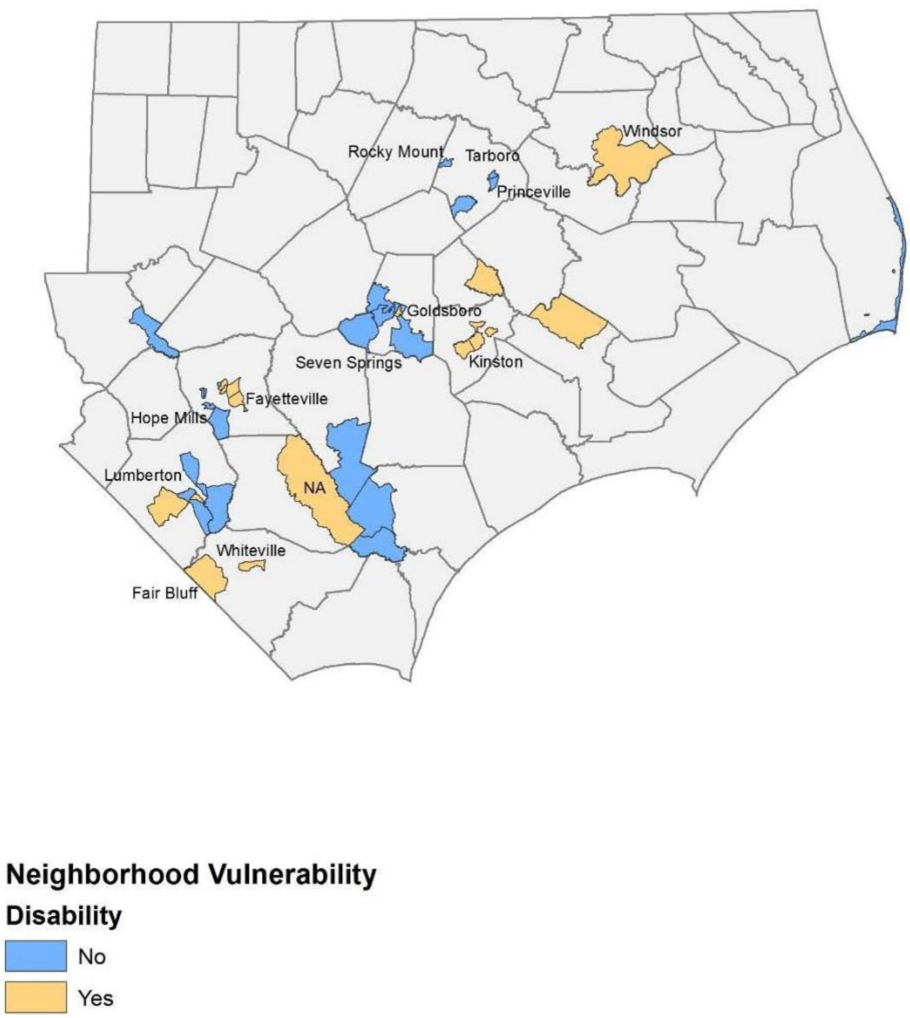
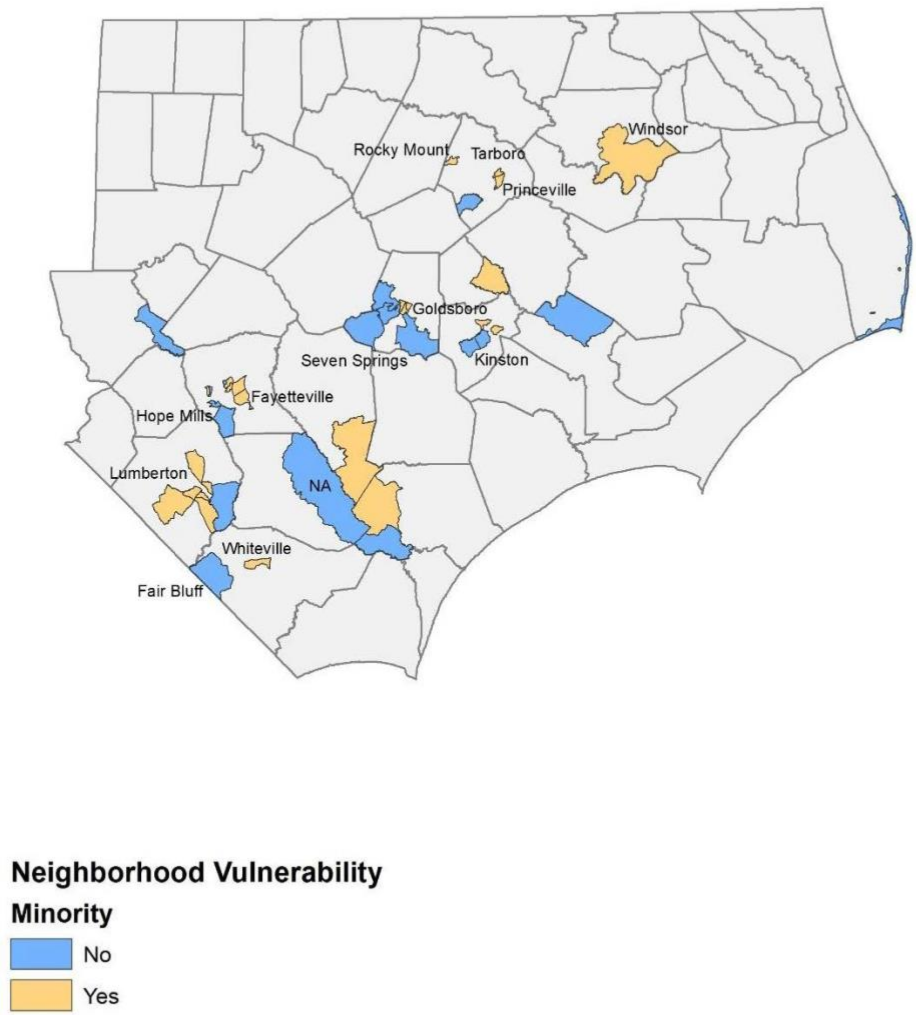


Figure 8: Most Impacted Neighborhoods with a Disproportionate Concentration of Minority Populations



Economic Recovery

As was shown in the initial Unmet Needs Assessment, Hurricane Matthew caused extensive damage to small businesses in eastern and central North Carolina with most businesses located in rural counties leaving a large unmet need. That analysis continues to be accurate as, to date, neither the SBA or USDA has addressed the recovery needs following Matthew. Small businesses are the economic backbone of most towns in North Carolina, and these businesses are where residents shop for groceries, buy gas, dine, lodge, and acquire retail and other services that define the community. Many businesses also support and rely on the state's agricultural economy, including family farms and agribusinesses, for survival. As was shown in the initial Action Plan, a key industry sector that was impacted by Matthew was the State's agricultural economy. The State still estimates that in part due to SBA loan denials and lack of dedicated recovery funding from the USDA for the farming community, the agricultural and small business community continues to have a $263M unmet need.

The most recent data from the SBA, continues to show that the counties most impacted by Matthew have the highest number of per county applications for assistance, and 95% of these businesses have less than 100 employees. Based on the September 2017 data on business related loans programs, small businesses in North Carolina are seeing more loans denied than approved, with 645 applications approved and 752 denied.

In addition to the businesses who were denied an SBA loan, there were 7,740 businesses who were referred to the program but never applied. The State, in consultation with community leaders and through the planning process, believes that many of these businesses, while having unmet recovery need, did not submit the loan package to SBA because they knew they would not qualify.

A primary component of North Carolina's economic strength is its agricultural sector. The USDA declared 79 of the State's 100 counties as having significant agricultural damage from Matthew and the North Carolina Department of Agriculture & Consumer Services reported that 48 counties were seriously impacted, with these counties accounting for 71% of the total farm cash receipts and representing $9.6 billion of the $13.5 billion total. The Department assessed that Matthew had a $422 million impact to major commodities and, because agriculture production is seasonal, many farms lost an entire year's crop from Matthew and, along with it, a potential loss of markets. As a result, the State is continuing to assess agricultural recovery throughout the 2017-2018 growing season, but based on current information, there is substantial evidence that small agricultural businesses were substantially impacted, losing their anticipated 2017 earnings in the floodwaters. Without being fully compensated from USDA or SBA, they represent a large, unmet need.

Based on information from State Agencies and SBA, the current estimated unmet need for small businesses, including the agricultural sector, is $263,435,519. This assessment is based on a conservative approach of taking (1) 10% of the business losses for firms that were referred to FEMA who did not submit an application for an SBA, (2) all businesses that applied for an SBA loan but were denied, (3) an assumption that SBA business loans cover 80% of unmet needs, and (4) State estimates of ongoing agricultural losses that were not addressed by USDA through its programs. The data highlights that the most vulnerable businesses in North Carolina continue to be small businesses in rural counties, within the service, agriculture, and retail industries. The fact that these firms are located within or connected to the residential areas in the hardest hit counties amplifies the importance of obtaining funding to address the unmet needs of the business and agricultural sector as the services, local employment, and stability provided by small businesses are critical factors in ensuring that overall community and regional recovery will occur.

Table 15: Unmet Business Needs

	Business Loans Denied	Business Loans Approved	Referrals only	Average Loan Amount	Estimated Damages	Amount Received	Estimated Unmet Need
Total	752	645	25,064	$92,981	$288,186,019	$24,750,500	$263,435,519

Source: US SBA, 09/18/17

Public Infrastructure and Facilities

As was shown in the State's initial Action Plan, Matthew devastated public infrastructure in eastern and central North Carolina. The State recognizes that the primary funding source used to repair and restore damaged public infrastructure is FEMA's PA program. Since the initial Action Plan was published, the State has completed its 50-county comprehensive, ground up, community planning process. As a result, infrastructure-related projects will be implemented that were developed from these plans.

FEMA, through its PA program, assists communities rebuild following a disaster. The tables below show the current FEMA PA obligations for Matthew. In total, over 424 applicants now have eligible PA projects. While the amount of funding and number of applicants in the FEMA PA program is expected to grow as of October 10, 2017, these applicants had $292,780,270 obligated to PA projects, an increase of $279,253,605 since the initial Action Plan was published. As was shown in the State's initial Action Plan, and remains true for this Amendment, the State estimates that once all FEMA PA projects are accounted for, the PA program will exceed $400 million, with over $101 million in match required.

Table 16: FEMA PA Obligations by Category

FEMA Category	Category	Project Obligations (Project Worksheets (PWs))		Match Requirements	
		100% PW	Estimated	Current	Estimated
Debris Removal	A	$43,520,496	$46,648,598	$10,880,124	$11,662,150
Emergency Protective Measures	B	$54,284,215	$55,465,188	$13,571,054	$13,886,297
Roads & Bridges	C	$43,792,986	$116,750,334	$10,948,246	$29,187,584
Water Control Facilities	D	$17,304,456	$10,634,800	$4,326,114	$2,658,700
Public Buildings and Contents	E	$35,885,478	$74,620,505	$8,971,370	$18,655,126
Public Utilities	F	$47,524,289	$48,290,124	$11,881,072	$12,072,531
Parks, Recreational, Other Facilities	G	$50,468,351	$53,932,676	$12,617,088	$13,483,169
FEMA PA Total		$292,780,270	$406,342,226	$73,195,067	$101,585,557

FEMA PA Data: October 10, 2017

In addition, to the PA program the State anticipates receiving $100M in Hazard Mitigation Grant Program funding with FEMA providing $75M and the State required to provide $25M. The State will use its Hazard Mitigation Grant Program (HMGP) allocation to buyout and acquire homes turning them into greenspace. As a result, the match required for both the FEMA PA and HMGP programs the current estimate for all FEMA programs exceeds $107M.

As was disclosed in the original Action Plan, all infrastructure related projects will refer to the Federal Resource Guide for Infrastructure Planning and Design: (http://portal.hud.gov/hudportal/documents/huddoc?id=BAInfra ResGuideMay2015.pdf)

The following sections provides more information on unmet public infrastructure and facilities service to address community recovery needs.

Community and Supportive Facilities

As was documented in the State's original Action Plan, some public facilities that were damaged will be repaired using FEMAPA funds. However, State facilities that provide social, community, and health (including mental health) services to support Matthew also incurred unmet needs that are not eligible for FEMA PA program funds. Through local outreach and needs assessments, the State continues to estimate an additional unmet need of $45.4M to address and pay for these services and facility upgrades.

Dams and Levees

As was documented in the State's original Action Plan, North Carolina has the largest number of dams in the nation with 1,200 high hazard dams that could potentially endanger lives and property if they fail. North Carolina's Division of Energy, Mineral, and Land Resources reported that 20 dams were breached and 46 additional dams damaged as a result of Matthew, including the levee protecting the Town of Princeville, which resulted in millions of dollars in damages while other dams threatened more than 500 structures and residences.

North Carolina's dam/levee work, which represents an unmet need of $38 million, will ensure the structures admitted under the United States Army Corps of Engineers (USACE) P.L. 84-99 are accredited under the FEMA National Flood Insurance Program (NFIP). The State will maintain file documentation of a risk assessment prior to flooding the flood control structure. That the investment includes risk reduction measures.

Department of Transportation (DOT)/HUD/Federal Highway Association (FHWA) Transportation Facilities and Infrastructure

As was shown in the State's original Action Plan, North Carolina's road system was heavily impacted by Matthew. An important component of the national disaster response plan is the integration and delineation of how FEMA and US DOT provide funding to states to address storm-related repairs to road systems. As a result of Matthew, approximately 42,000 miles of roads needed to have either debris removal, emergency protective measures, and or specific site repairs. These activities will require the State to provide matching and, as disclosed in the initial Action Plan, represent an unmet need of $52.6M dollars.

USDA / FSA Disaster Grant Programs

As was shown in the State's original Action Plan and highlighted in the Economic Recovery section, Hurricane Matthew caused substantial damage to North Carolina's rural areas. This included the loss of field crops and livestock who perished in the floodwaters, causing environmental hazards in the streams, ponds, and other bodies of water. The State, working with the USDA, continues to estimate an unmet need of $177.7M for USDA related activities including clean-up efforts and restoration of watersheds that are tied to Matthew.

Environmental Protection Agency (EPA) - Drinking Water and Wastewater Repair and Mitigation

As was highlighted in the State's original Action Plan, since the publication of the plan, the State has continued to work with the EPA and FEMA, to address the substantial unmet needs for the repair and mitigation of the water and wastewater treatment systems that were impacted by Matthew. Even after taking into account opportunities to restore and mitigate these systems with FEMAPA funds the State continues to have an unmet need of $274M dollars.

National Guard Facilities and Equipment

The National Guard plays a vital and critical role in disaster recovery during the initial response period, providing emergency response functions (ESFs), helping citizens to safe ground, and securing assets. Its staging facilities and equipment must be maintained. Matthew impacted five facilities that will require a match that represents an unmet need of $730 thousand.

Table 17: Infrastructure Unmet Need

	Unmet Need
FEMA PA and HMGP Match (estimate)	$101,585,557
Repair health care, daycare, and other supportive facilities with remaining unmet needs (after subtracting FEMA and insurance)	$45,370,264
<u>Other Federal Agencies</u>	
USACE - Levee and Dam Repair Safety	$38,132,675
DOT/HUD/FHWA - pavement, storm pipes, highway embankment	$52,586,192
USDA /FSA Disaster Grant Programs	$177,663,583
EPA - Drinking Water and Waste Water Repair and Mitigation	$274,481,000
National Guard	$734,000
TOTAL	**$543,597,450**

The State recognizes that the data collection and documentation of community infrastructure and public facilities needs is ongoing at this stage in the State's recovery process. In addition to the documented costs in from Federal sources with the completion of the State's community planning effort, additional recovery related projects will be implemented that represent an unmet need for infrastructure projects. The infrastructure projects are contained in each of the 50 county plans that were submitted to the State in the summer of 2017 and are shown on the Department of Commerce's (DOC's) website. As a result of the large unmet need in this program area, the State will need to maximize all funding sources and obtain additional resources to address this program area's unmet need. As a result, the State may need to modify funding levels for sub-programs within this CDBG-DR allocation.

Planning, Coordination, and Community Outreach Needs

The State's initial Action Plan highlighted the robust planning effort in response to the unmet needs resulting from Hurricane Matthew. In addition to the Action Plan process, the North Carolina General Assembly established the North Carolina Resilient Redevelopment Planning (NCRRP) program as part of the 2016 Disaster Recovery Act (Session Law 2016-124). This effort was funded by the State and did not use CDBG-DR funds. North Carolina Emergency Management served as the coordinating body to develop regional planning strategies to ensure consistency across the State. The planning effort was initiated in February of 2017 and was completed in August of 2017 with the final submission of 50 county recovery plans. The plans can be found at https://rebuild.nc.gov/HurricaneMatthew/Programs/RedevelopmentPlans.

The purpose of the program was to provide a roadmap for community rebuilding and revitalization for areas that were impacted by the Matthew. The program empowered communities to prepare locally-driven recovery plans, to identify redevelopment strategies, suggest innovative reconstruction projects, and identify other needed actions to allow each community not only to recover from Matthew but also to become more resilient to future storm events. At the state level, this planning effort assisted in promoting sound, sustainable, long-term recovery planning. By using post-disaster evaluation of hazard risk, especially land-use decisions that reflect responsible floodplain management, the potential for possible sea level rise, increasing frequency and severity of rain and other storm events, the plans helped shape the recovery process that is incorporated in this Action Plan, which along with citizen input, provides a roadmap for how recovery, rebuilding, and resiliency can occur in impacted counties.

With the planning process complete, implementation of the proposed projects and actions described in the Plans can begin, subject to applicable federal, state, and local laws and regulations. Proposed projects or actions may be eligible for state or federal funding or could be accomplished with municipal, nonprofit, or private investments. While the State will utilize the Plans as a roadmap for recovery as it engages with community and county governments through this recovery process, inclusion of a project or action in a specific Plan does not guarantee that it will be eligible for recovery funding as currently the State is significantly oversubscribed and underfunded across all program areas.

Nexus Between Unmet Need and Allocation of Resources

The State's initial Action Plan prioritized providing funds to communities that experienced the most significant damage from Hurricane Matthew as described in the Unmet Needs Assessment. The State continues to be focused on providing assistance to these communities and the counties that were most impacted. Based on the recently completed 50 county planning process, the State will support recovery objectives in each of the impacted counties, with a focus on the four most impacted counties. Based on the county planning process, community outreach, and research and analysis of revised and updated available Federal data, the following unmet needs are the main priorities for this Action Plan Amendment #1 as reflected in the proposed recovery activities:

- Providing a significant portion of the allocation as additional assistance to the housing sector to ensure that homeowners that were impacted by Matthew have resources and options available as they begin to rebuild, repair, or replace homes with major to severe damage. Continuing to ensure that an adequate supply of rental housing is available that is safe, sustainable, and affordable in the most impacted areas.

- Providing additional assistance to LMI families and other persons with supportive service needs.

- Providing additional assistance to address community recovery needs, including funds to assist with the local match for FEMA funded programs (PA and HMGP) so that homeowners can relocate to higher and safer ground, to assist units of government address recovery and rebuilding needs of public infrastructure, and to ensure that some projects and priorities identified in the county planning process can be implemented.

All proposed activities and uses described in the following programs are authorized under Title I of the Housing and Community Development Act of 1974 or allowed by waiver or alternative requirement and will be located in a Presidentially declared county eligible for assistance.

National Flood Insurance Restrictions

The State's initial Action Plan described in detail the general eligibility requirements for the program. These requirements remain in force with this Action Plan and can be found on the agency website.

For homeowners who receive Hurricane Matthew CDBG-DR funds via the suite of housing programs detailed in the Action Plan, homeowners should be aware that as part of the duplication of benefit check, the State must conduct a check to see if the homeowner has maintained flood insurance if they are located in specific areas that were previously assisted with FEMA IA or other federal disaster funds. In the event that a homeowner is found to have not maintained adequate flood insurance after receiving prior federal disaster assistance, this property will be ineligible for repair, replacement, or restoration assistance with CDBG-DR funds. After receiving Hurricane Matthew CDBG-DR funds, the homeowner must maintain adequate flood insurance to be eligible for future disaster assistance.

Allocation of CDBG-DR Funding

The State of North Carolina continues to prioritize housing activities for CDBG-DR assistance with a total of $180,464,011 (76.3%) in funding dedicated to this activity, which remains unchanged from the previous Action Plan with the exception of $28,850 in Planning and Capacity funding. The reallocation of $28,850 in Planning was due to a miscalculation contained in the previous Action Plan. This amount has been added to the Homeowner Program. Table 18, as shown below, summarizes the current allocation of CDBG-DR funding followed by a description of the methods of distribution to Tier I and Tier II Counties.

Table 18: Distribution of CDBG-DR Funds by Program

	Program Allocation	LMI (70%)	MID (80%)	Tier 1	Tier 2
Administration	$11,826,450	$0	$9,408,568	$599,300.00	$215,565.00
Planning	$11,826,450	$0	$9,408,568	$4,000,000.00	$600,000.00
Housing	$104,083,349	$72,838,149	$82,744,929	$32,431,250.00	$8,760,000.00
Buyout and Acquisition	$25,000,000	$17,500,000	$20,000,000		
Small Rental	$18,204,756	$18,204,756	$14,563,805		
Multi-Family	$18,204,756	$18,204,756	$17,204,756		$1,000,000.00
Supportive Services	$10,000,000	$10,000,000	$5,000,000	$5,000,000.00	
Public Housing Authority	$5,000,000	$5,000,000	$5,000,000	$5,000,000.00	
Economic Development	$12,500,000	$8,750,000	$10,000,000		
Infrastructure	$19,883,239	$13,918,267	$19,008,239	$19,008,239.00	$875,000.00
TOTAL	**$236,529,000**	**$164,415,929**	**$192,338,865**	**$66,038,789**	**$11,450,565**
PERCENT OF TOTAL ALLOCATION	**100%**	**70%**	**81%***	**28%**	**5%**

*MID Calculation of 81% does not include the portion of State level administration and planning expenditures that will be captured in the final MID calculation.

Of the allocated amounts, at least 80% of the total funds provided to the state of North Carolina will address unmet needs in HUD's Most Impacted and Distressed (MID) counties of Cumberland, Edgecombe, Robeson, and Wayne which are classified as Tier I Counties and have been allocated portions of overall funds through Sub-Recipient Agreements. Tier II Counties (Beaufort, Bertie, Bladen, Carteret, Columbus, Craven, Duplin, Greene, Hyde, Jones, Lenoir, Martin, Nash, Pamlico, Pitt, Tyrrell, and Wilson) are non-MID counties that submitted applications for CDBG-DR assistance and have been allocated portions of the overall funds through Sub-Recipient

Agreements. Funds that are not allocated to Tier I or Tier II Counties above as well as funds for counties that are not classified as Tier I or Tier II (Anson, Brunswick, Camden, Chatham, Chowan, Currituck, Dare, Franklin, Gates, Halifax, Harnett, Hertford, Hoke, Johnston, Moore, New Hanover, Northampton, Onslow, Pasquotank, Perquimans, Richmond, Sampson, Wake, and Warren) are included in the state controlled / state-centric (NCEM) method of distribution. In addition, 70% of the aggregate of CDBG program funds will be used to support activities benefitting low- and moderate-income persons.

Tier I Allocation of Funding

In accordance with the State's Citizen Participation Plan, the CDBG-DR program held several public meetings throughout the impacted regions to review the State's Action Plan and proposed activities eligible for the first allocation of CDBG-DR funding resulting from Public Law 114-245. These meetings were held during the months of June, July and August 2017 and were targeted to County Managers, Emergency Management Personnel, Planners and Community Development Specialists. The meetings highlighted the total amount of funding ($198,553,000) that the State received for the DR program and potential amount of funding by activity that would be made available to both Tier I and Tier II counties as well as the process for applying for funding. Public comments were also submitted and included as part of the State's initial Action Plan.

Subsequent to the first Action Plan, the State of North Carolina was provided an additional $37,976,000, bringing the total CDBG-DR allocation to $236,529,000 under Public Law 115-31. This additional funding was amended into the first Substantial Action Plan Amendment in which public commentary was considered and included as part of the plan.

The Federal Register Notices for both State allocations require the expenditure of 80% of CDBG-DR funding in the "most impacted and distressed areas" which include the counties of Cumberland, Edgecombe, Robeson and Wayne. These counties are classified as Tier I to ensure that the requisite amount of funding is obligated and expended in these areas in accordance with federal requirements. The breakdown of available funding for Tier I counties is as follows:

Federal Register Notice	**CDBG-DR Allocation**	**Tier I Counties Allocation**
Public Law 114-245	$198,553,000	$158,842,400
Public Law 115-31	$ 37,976,000	$ 30,380,800
TOTAL	**$236,529,000**	**$189,223,200**

As required, a minimum of $189,223,200 will be disbursed in Tier I Counties in order to address unmet needs in all program areas. Existing subrecipient agreements with Tier I Counties will be adjusted as funds are re-allocated and/or as specific projects are approved. However, the state's minimum commitment in each Tier I County will remain the same.

Tier II Allocation of Funding

Funding is currently available to Tier II Counties for CDBG-DR projects. Tier II County funding will be obligated, de-obligated, or re-allocated to specific projects as detailed applications are reviewed and approved by NCEM as part of an application process. Existing subrecipient agreements with Tier II Counties will be adjusted as funds are reallocated and/or specific projects are approved.

Method of Distribution & Delivery

This primary purpose of this Action Plan Amendment is to clarify the method of distribution for program activities to better define state administered programs/activities versus those administered by the counties in the state. While the Grantee is the North Carolina Department of Commerce (NCDOC), the agency administering the majority of the CDBG-DR Programs is the North Carolina Department of Emergency Management (NCDEM).

In addition to Program Administrative and Planning funding, the North Carolina Department of Commerce, as the Grantee, will also manage the Small Business Recovery Assistance Program in conjunction with Community Development Financial Institutions (CDFIs). As a subrecipient of funding from DOC, NCDEM will be responsible for managing the majority of CDBG-DR programs to include the Small Rental Repair, Multi-Family, and Buyout and Acquisition Programs. In addition, NCDEM will manage all or a portion of the Single-Family Housing Recovery Program and Supportive Services Programs. Tier I and Tier II Counties will be responsible for administering Community Recovery/Infrastructure Programs, Supportive Services and portions of the Single-Family Housing Recovery Programs as shown in Table 19. If requested by a county, NCDEM may enter into a subrecipient agreement with municipalities within the county, or with other non-federal entities such as public housing authorities, to carry out CDBG-DR programs within the county.

Supplemental to the Method of Distribution for CDBG-DR funding, Table 19 depicts the method of delivery for the Single-Family Housing Recovery Programs for counties that have elected not to participate in the State-Centric model managed by NCDEM. As can be seen by reviewing this table, the method of program delivery varies depending upon the county in which the applicant resides. While most affected counties have elected to participate in the state-centric model managed by North Carolina Department of Emergency Management (NCDEM), some have chosen to become Subrecipients and administer all or a portion of housing assistance provided by the Single-Family Housing Recovery Program. Table 19 depicts the 8-steps of the Single-Family Housing Recovery Program and the method of program delivery in each county not participating in the state-centric model.

Table 19
Method of Program Delivery for CDBG-DR Single-Family Housing Recovery Programs

	1 Step 1 Application	2 Step 2 Eligibility Review	3 Step 3 Duplication Check	4 Step 4 Inspection & Environmental Review	5 Step 5 Grant Determination	6 Step 6 Contractor Selection	7 Step 7 Construction	8 Step 8 Completion
Bertie	S	S	S	S	S	C	C	C
Carteret	S	S	S	S	S	C	C	C
Craven	S	S	S	S	S	C	C	C
Cumberland	C	S	S	S	S	S	S	S
Duplin	S	S	S	S	S	C	C	C
Edgecombe	C	S	S	S	S	S	S	S
Greene	S	S	S	S	S	C	C	C
Lenoir	S	S	S	S/C	C	C	C	C
Martin	S	S	S	S	S	C	C	C
Pender	S	S	S	S	S	C	C	C
Robeson	C	C	C	C	C	C	C	C
Tyrrell	S	S	S	S	S	C	C	C
Wayne	C	S	S	S	S	S	S	S

S=State-Centric Activity administered by NCDEM, C=County-Centric Activity administered by the County and/or Municipality

Recovery Programs

The State's initial Action Plan created a suite of disaster recovery programs to address the impacts from Hurricane Matthew. While the current CDBG-DR program types remain unchanged as a result of this substantial amendment to the Action Plan, some program requirements and caps have been adjusted to address any potential unmet needs that may arise as a result of subsequent damages resulting from Hurricane Florence. The following sections of the Action Plan describe each program in detail.

Program Name: *Homeowner Recovery Program*

The Homeowner Recovery Program will provide assistance to homeowners who experienced major to severe damage to their homes and have remaining unmet needs, after subtracting other benefits received from FEMA, SBA, NFIP, private insurance, and charitable organizations. The program will include rehabilitation, repair, and reconstruction activities as well as elevation, buyout/acquisition and flood insurance subsidies to eligible homeowners.

Available homeowner assistance is listed below:

Single-Family Rehabilitation and Reconstruction: For homeowners who wish to remain in their homes or rebuild on their existing property, the program will provide grants for rehabilitation or reconstruction. The method of determining the construction intent (rehabilitation, substantial rehabilitation, or reconstruction) for an applicant's home has been modified by this Action Plan Amendment as follows:

Rehabilitation- If the relative percentage of repair to the applicant's home is less than 50% of the reconstruction cost, the home will be rehabilitated.

Substantial Rehabilitation- If the relative percentage of repair is between 50-79% of reconstruction costs, the applicant will have the choice of selecting rehabilitation or reconstruction unless the program determines that the applicant's selection is not feasible and/or cost effective.

Reconstruction- If the relative percentage of an applicant's repair equals or exceeds 80% of the reconstruction cost, the home will be reconstructed.

Manufactured Home Repair or Replacement: Manufactured homes with damages between $1,000 and $5,000 may be eligible for assistance with repairs. Applicants with repairs exceeding $5,000 may be eligible for replacement.

Reimbursement: LMI homeowners and owners with an income equal to or less than 120% AMI who expended funds that are not a duplicating benefit to make necessary repairs or purchased a replacement manufactured home may be eligible for a reimbursement grant if these expenses were incurred prior to application for assistance to the program or September 14, 2018, whichever occurred first.

Elevation: In addition to assistance for rehabilitation and reconstruction, homeowners with homes located within the 100-year floodplain that are substantially damaged (i.e., damage estimates equal or exceed 50% of the homes pre-disaster value) can receive elevation assistance to ensure that their homes are elevated to two feet above Base Flood Elevation (BFE) per FEMA's 50% Rule.[3]

Flood Insurance Subsidies: LMI homeowners whose damaged home is located in the 100-year floodplain may be eligible for payment of their flood insurance premiums for up to two years.

Application Process

North Carolina citizens who were directly impacted by the disaster who are located in an eligible county can apply to the Housing Recovery Programs through one application into the program at any of the intake centers as listed on the Rebuild NC website. The application allows applicants to list their housing recovery needs in more than one eligible category of assistance listed above.

[3] Basic rule: If the cost of improvements or the cost to repair the damage exceeds 50 percent of the market value of the building, it must be brought up to current floodplain management standards. www.fema.gov/pdf/floodplain/nfip_sg_unit_8.pdf

Allocation for Housing Activities: $104,054,499

Maximum Award: Single-Family Homeowner Rehabilitation: up to $70,000 per applicant for homes with damages totaling up to 50% of its reconstruction cost. An additional $50,000 may be available for elevation of a home located within the 100-year floodplain. The minimum amount of rehabilitation assistance is $1,000. Applicants who have rehabilitation costs below this amount may be served by the Reimbursement Program.

Single-Family Homeowner Substantial Rehabilitation: up to $70,000 per applicant for homes with damages totaling between 50-79% of its reconstruction cost when feasible and cost effective.

Single-Family Homeowner Resilient Reconstruction: Reconstruction assistance maybe available to applicants that qualify for assistance to resiliently rebuild their property. Homes with damages equal to or exceeding 50% of the reconstruction cost qualify as per the construction intent methodology listed above. Reconstruction is mandatory for homes with damages exceeding 80% of reconstruction costs.

Reconstruction costs will be based upon the $127 per square foot.

Housing Repair Reimbursement: up to $70,000 to reimburse homeowners for non-duplicative expenses to repair their homes following the disaster prior to applying to the Homeowner Recovery Program. The reimbursement of expenses will be paid to homeowners who have completed disaster related repairs verified by inspections and program staff subject to environmental review. These costs are only reimbursable if expended after Hurricane Matthew and prior to application for CDBG-DR assistance or September 14, 2018, whichever occurred first.

All reimbursements will be in the form of grants to the homeowner.

Mobile Home Repair: Up to $5,000 per applicant for homes with damages totaling between $1,000 and $5,000.

Manufactured Home Replacement: up to $60,000 for single-wide manufactured homes and $90,000 for double-wide manufactured homes and as per the terms listed in Table 3, if it is determined that the manufactured home has over $5,000 in damages.

Acquisition for Redevelopment: up to $80,000. While the State at this time does not anticipate that it will need to acquire properties for redevelopment as a result of the buyout program, the State understands that local and county governments may find it desirable or necessary to acquire property for redevelopment to both assist homeowners and ensure community recovery goals and objectives are realized. Homes will be purchased through the process identified in the buyout program at the pre-disaster FMV based on appraisals. While the buyout program leaves the property in perpetual green space, this activity allows purchased properties to be redeveloped and made more resilient before being put back into the market for additional affordable housing.

Acquisition for New Construction: up to $1,000,000 to develop affordable housing outside of flood prone areas. Property will be purchased and used to develop new affordable housing units in the impact areas. To ensure that properties are acquired in the most economically efficient manner, the State reserves the right to enter into agreements with county and local governments for acquisition of property.

Temporary Relocation Assistance (TRA): NCEM has adopted an Optional Relocation Policy to provide LMI owner-occupants with TRA for those households who are unable to occupy their home during construction activities. This benefit is in addition to program caps for construction assistance.

Uniform Relocation Act (URA) policies and notification requirements will be followed to assist any tenants who are temporarily or permanently displaced due to program activities.

Any units occupied and paid for with CDBG-DR funds are subject to inspection and compliance with Housing Quality Standards (HQS) inspection.

National Objective: LMI, Urgent Need, Slum and Blight

Eligible Activities: 105 (a) (1) (3) (4) (5) (6) (7) (8) (9) (10) (11) (13) (14) (15) (16) (18) (20) (23) (24) (25) Rehabilitation; Reconstruction, Acquisition; New Residential Construction; Relocation, Demolition and Clearance, Non-Federal Match, and Homeowner Assistance

Flood Insurance Assistance; up to $2,000 per LMI household within the 100- year floodplain for flood insurance premiums to cover homes assisted by the Program for a period of two years in addition to program caps outlined in Table 3.

Priorities: Homeowner Rehabilitation, Repair, and Reconstruction: LMI households will be prioritized for assistance.

Homeowner Reimbursement: Funds will be distributed on a first- come-first-serve basis.

Eligible Applicants:
Owner-occupants whose primary residence was directly impacted by Hurricane Matthew.

Homeowner Reimbursement: Homeowners (up to 120% AMI) who were directly impacted by the disaster may apply for reimbursement up to
$70,000.

Program Name: Small Rental Repair Program

The Small Rental Repair Program (SRRP) will provide assistance to landlords whose rental units experienced major to severe damage and have not been repaired or reconstructed. The program is reserved for small rental structures, including single family rental units, duplexes, triplexes, and buildings with less than 8 units. The program will be administered by North Carolina Emergency Management.

Allocation for Activity: $18,204,756

Maximum Award: Up to $30,000 per unit

National Objective: LMI, Urgent Need, Slum and Blight

Eligible Activity: Sec. 105 (a) (1) (3) (4) (5) (6) (7) (8) (9) (10) (11) (13) (14) (15) (16) (18) (20) (23) (25) Rehabilitation; Reconstruction, Acquisition; New Residential Construction; Relocation, Demolition and Clearance, Non-Federal Match.

Priorities: 60% of funds are set aside for damaged rental units located in a town or city where at least 100 homes sustained major to severe damage, or in a Census Tract where at least 50 homes sustained major to severe damage.

Eligible Applicants: Rental units in structures with less than 8 units that experienced major to severe damage and have remaining unmet needs. Units must be affordable to renters earning less than 80% AMI for five years.

Program Name: Multi-Family Rental Housing

The Multi- Family Rental Housing Program has been designed to provide gap financing to repair majorly to severely damaged rental housing in the most impacted communities, and to create new multi-family housing affordable for LMI renters in the most impacted communities. The program will be administered by North Carolina Emergency Management.

Allocation for Activity: $18,204,756

Maximum Award: Up to $53,000 per unit for rehabilitation. Up to $150,000 for reconstruction. The State, upon review of applications for this Housing Program, reserves the right to alter the maximum award based on applications and may on a case by case basis utilize this exception policy to address specific rental housing needs.

National Objective: LMI, Urgent Need, Slum and Blight

Eligible Activity: Sec. 105 (a) (1) (3) (4) (5) (6) (7) (8) (9) (10) (11) (13) (14) (15) (16) (20) (23) (25) Rehabilitation; Reconstruction, Acquisition; New Residential Construction; Relocation, Demolition and Clearance, Non-Federal Match, Construction of Housing

Geographic Eligibility: Rental housing must be located in a damaged-declared county eligible to receive HUD funds.

Priorities: Priority will be given to projects located in the most impacted counties. Priority will also be given to projects that leverage other resources and produce new housing that is sustainable, integrated with neighborhood services and jobs, and provides deeper affordability. Projects will be selected through a competitive application process.

Eligible Applicants: Developers building rental housing reserved for households earning less than 80% of AMI. Projects must be multi-family new construction or substantial rehabilitation, consisting of at more than 8 units.

Program Name: Buyout and Acquisition Program

Homeowners who do not wish to remain at their damaged address may be eligible for participation in either the Buyout or Acquisition programs depending upon the location of their damaged property. Applicants approved for participation in the Buyout Program may be eligible to receive funding based upon the pre-storm value for their damaged property minus any duplicative assistance. Applicants approved for participation in the Acquisition Program may be eligible to receive funding based upon the post-storm value of their property minus any duplicative assistance.

Applicants of properties located in defined Disaster Risk Reduction Areas (DRRAs) may be eligible to receive the pre-storm Fair Market Value of their property plus incentive(s) as outlined below.

Disaster Risk Reduction Areas (DRRAs) or Enhanced Buyout Areas

Enhanced Buyouts in pre-defined Disaster Risk Reduction Areas (DRRAs) or targeted buyout areas, may include incentive(s) ranging from 5%-15% on top of the pre-storm FMV of property acquired through the buyout program. Purchased properties will be maintained as a buffer zones or other non-residential/commercial uses.

This Action Plan Amendment updates the Buyout and Acquisition Program caps for assistance from the 2013 FHA Mortgage Limits to 2018 FHA Mortgage Limits in advance of the launch of program activities to better align funding caps with current mortgage limits.

Program Description:

In accordance with the notice governing the use of these funds, properties purchased as a “buyout” will be maintained in perpetuity as buffer zones, while properties purchased as “acquisitions” will be eligible for redevelopment in the future in a resilient manner to protect future occupants of this property. The post-purchase fate of acquired properties will be determined by the State, in consultation with local officials, to ensure these properties best serve the future goals of the community. In some cases, the properties will remain undeveloped and be transformed into parks or other non-residential uses, while in most cases they will be redeveloped in a resilient manner. The final disposition plan will be further detailed by the State in the acquisition program guidelines, but disposition may include: the sale of property through a FMV and competitive process; the conversion of the property into public green space; and/or the donation of property to an eligible recipient to carry out eligible activities.

The State will use the 2018 Federal Housing Association (FHA) loan limits as the ceiling for the purchase price for properties that participate in this program.

Activity Type: Buyout or Acquisition of one- and two-unit homes

Allocation for Activity: $25,000,000

Maximum Award: FMV. The State upon review of applications for the Program reserves the right to offer incentives to alter the maximum award amount.

National Objective: LMI, Urgent Need, Slum and Blight

Eligible Activity: Sec. 105 (a) (1) (2) (4) (11) (24) 42 U.S.C. 5305(a) (1) (2) (4) (11) FR–5696–N–01 (VI) (B) (31)

Geographic Eligibility: Homes must be located in one of the damaged-declared counties eligible to receive HUD funds.

Priorities: Homes located in a HUD defined most impacted county and/or homes located in the floodplain or homes with a history of repetitive flood and loss.

Eligible Applicants: All applicants' damaged property must have been their primary residence at the time of the storms.

Program Name: Public Housing Restoration Fund

The State's initial Action Plan created the Public Housing Restoration Fund and allocated $5 million to the program. To date, Action Plan Amendments have not added additional funding to the program, but have expanded the program design to allow any PHA in a storm eligible county to participate. In addition, the types of activities that PHAs can engage in, including using funds to cover the non-federal share or local match from FEMA PA program and engaging in activities that make facilities and units more resilient to future storm events have also been added.

The original Action Plan highlighted the significant damages that PHAs suffered as a result of Hurricane Matthew based on surveys administered to PHAs in March 2017. The action plan singled out the Lumberton Public Housing Authority as having $5 million of unmet recovery need. Since the initial Plan, additional PHAs have identified potential unmet recovery needs. In total, seven PHA's have been identified as having eligible FEMA PA claims that will require a local match. As a result of the additional facilities having identified unmet recovery needs, funds from the program can be used to assist any of the PHAs that were impacted by Matthew.

Program Description:

The Public Housing Restoration Fund will be administered by North Carolina Emergency Management. Funds from the Program can be used to rehabilitate and/or repair PHA properties that were damaged from Hurricane Matthew. Funds can also be used to address unmet recovery needs after accounting for insurance and other Federal disaster funding, to cover the non-Federal share or local match that PHAs have to provide to access FEMA PA grant program, or to make facilities more resilient from future storm events. Based on direct communication between Emergency Management and the PHAs, deeply affordable rental units managed by PHAs in impacted areas experienced severe damage due to Hurricane Matthew. Emergency Management is working directly with the PHAs to assess and determine the total unmet need for each facility. In the event that the unmet need of the PHAs exceeds the total allocation of funds, the program, through its policy and procedures, will document how funding allocations to PHAs were made and what eligible activities will be prioritized. The State also reserves the right for this program to either State manage the Public Housing Restoration fund or provide grants directly to the PHAs to implement the projects using program funds.

Activity Type: Public Facilities Repair and Rehabilitation

Allocation for Activity: $5,000,000

Maximum Award: Award amounts based upon PHA unmet needs

National Objective: LMI, Urgent Need, Slum and Blight

Eligible Activity: Sec. 105 (a) (1) (2) (4) (5) (8) (9) (11) (14) (18) (24)

Geographic Eligibility: PHA must be located in a Federally declared county for Matthew.

Priorities: PHAs located in a HUD defined most impacted county.

Eligible Applicants: PHAs

Program Name: Supportive Housing and Services Grant

The State's initial Action Plan created the Supportive Housing and Services Grant Program in order to provide funding for activities to assist families and individuals in need of assistance. This program has been initiated with the State starting to provide some grant funding to lead county agencies that are engaged on the ground in the most impacted areas of the State with persons in need of assistance.

Program Description:

The Supportive Housing and Services Grant program is being administered by North Carolina Emergency Management. Emergency Management is providing grants to state, county, local, and non-profit agencies to provide supportive services to families and individuals in need of assistance. Funds may be used to repair or construct permanent supportive housing and housing for the homeless that was damaged from Hurricane Matthew and/or to increase the supply of permanent supportive housing and housing for the homeless in the most impacted areas. The program may also provide assistance that addresses homeless service needs including mental health services, child services, and financial assistance to very low- and extremely low-income families. While Emergency Management is currently providing grants to lead county agencies involved in supportive service issues in the most impacted areas, Emergency Management may consider issuing a notice of funding availability (NOFA) that would allow other applicants to apply and be selected based on a competitive application process, that will consider applicant capacity and target groups served. Emergency Management will consider this action in coordination with lead county agencies that are engaged on the ground with this population of individuals. In the event that the request for funding exceeds the total allocation of funds, the program through its policy and procedures will document how funding allocations to entities were determined and what subprograms activities will be prioritized.

Allocation for Activity: $2,500,000. Total Program Allocation is $10,000,000.

Maximum Award: Up to $500,000 for non-construction supportive services; $2,000,000 for construction-related projects. Needs-based award based on a competitive application process. For individual services, a $5,000 cap will be applied. For household services, a $10,000 cap will be applied.

National Objective: LMI, Urgent Need, Slum and Blight

Eligible Activity: Public Facilities, Public Services, and Reconstruction and Rehabilitation 105 A (2) (4) (8)

Priorities: 80% of program funds are set aside for services within the most impacted counties.

Eligible Applicants: State, county, local, and non-profit organizations who provide supportive services in storm-impacted counties

Program Name: *Small Business Recovery Assistance*

The State's initial Action Plan created the Small Business Recovery Assistance Program providing forgivable loans to impacted businesses after highlighting the significant damages that small businesses suffered as a result of Hurricane Matthew. For the purposes of the programs detailed herein, economic revitalization is not limited to activities that are ''special economic development'' activities under the Housing and Community Development (HCD) Act, or to activities that create or retain jobs. For CDBG-DR purposes, Economic Revitalization can include any activity that demonstrably restores and improves some aspect of the local economy; the activity may address job losses, or negative impacts to tax revenues or businesses. All Economic Revitalization activities must address any economic impact(s) caused by the disaster (e.g., loss of jobs, loss of public revenue). At the time of unmet needs analysis, 10,419 North Carolina small businesses had applied for assistance with SBA with business types ranging from, retail operations, entertainment, and tourism-based businesses to industries that support the agricultural and fishing sectors. While many businesses were impacted by Matthew, unfortunately, two-thirds of businesses that applied for an SBA business loan were denied funding, due to SBA's tightened credit requirements, reporting requirements, and repayment stipulations, leaving a large amount of unmet need.

Program Description:

The Small Business Recovery Assistance Program will be administered by the DOC who has expertise and experience working with small businesses providing resources and technical assistance. The DOC also has relationships with key partners including Small Business Development Centers (SBDCs) and Community Development Financial Institutions (CDFIs) located in the impacted areas. This lending program is being carried out through multiple Community Development Financial Institutions (CDFIs), established as program subrecipients. The DOC has begun to implement this recovery program.

Funding of up to $300,000 per business can be used to address unmet recovery needs and to rehabilitate small businesses that were damaged from Hurricane Matthew. This includes using funds to address storm-related business losses, repair or replace and install furniture fixtures and equipment, provide working capital, pay for marketing costs, operating expenses, and inventory or to undertake storm-related repairs in the future. The Small Business Loan Program will provide small businesses the financial support needed to stabilize their business operations. Standard, uniform, underwriting procedures will be followed by the program CDFI's in determining both capacity and amount of loan per business and will be documented in the programs policy and procedures manuals and provided online at the DOC's website.

The program will enable a broad spectrum of activities to support the varied needs of businesses and communities recovering from the Matthew. By expanding assistance to include a comprehensive range of economic development activities, the State and local governments will also have the opportunity to address economic impacts of the disaster in such a way that aligns with the long-term economic development goals of impacted communities. Additional activities supporting the business sector may include: small business technical assistance, commercial redevelopment or enhancement by public or private entities, development of public facilities related to economic development, industry cultivation and/or preservation, workforce training or development, planning for economic growth, and other activities to catalyze the state's economic recovery. Eligible activities may also include infrastructure development for economic revitalization purposes as well as mitigation, resiliency, and green building efforts to protect, strengthen, and increase efficiency of such investments. Through this comprehensive approach to revitalize, the State will be able to support communities as they rebuild and grow.

Allocation for Activity: $12,500,000

Maximum Award: Up to $300,000 per business

Activity Type: Reimbursement, repair, replacement, or rehabilitation of damaged facilities and equipment, business operating losses, inventory, and customer base.

National Objective: LMI, Urgent Need, Slum and Blight

Eligible Activity: Sec. 105 (a) (1) (2) (4) (8) (11) (14) (15) (17) (21) (22) (24) 42 U.S.C. 5305(a) (14) (15) (17) (22); Economic Revitalization FR–5696–N–01 (VI) (D);

Applicants can use funds to address business operation losses that were already incurred (reimbursement for the repair and/or replacement of damaged structures and equipment) or to undertake remaining repair and business rebuilding and expansion costs.

- In addition to providing direct assistance to impacted small business through the loan program mentioned above and assisting microenterprise and special economic development activities needed to restore commercial activity, the program can use economic revitalization efforts to enable a multi-pronged approach to ensure the businesses in North Carolina's most impacted areas are provided the support they require. This includes: financial and technical assistance to microenterprise, small and medium-sized businesses coordination of priority projects and to key economic revitalization needs identified within the County Resiliency Reconstruction Plans.

- Aligning to state and local long-term economic development priorities, financial support can be provided to impacted communities for economic revitalization efforts including, but not limited to:

- Prioritized economic revitalization assistance to impacted LMI communities
- Workforce training in key economic sectors
- Development of high-growth industry clusters
- Revitalization and preservation of key industry sectors including agriculture and fisheries
- Rebuilding and expansion of infrastructure to attract and retain businesses and improve job access
- Rebuilding and development to mitigate and increase resiliency for future impacts
- Conducting planning activities to develop comprehensive revitalization and development plans
- Enhancement of public facilities promoting economic development, including but not limited to: streetscapes, lighting, sidewalks, other physical improvements to commercial areas, and other activities for transformative projects such as property acquisition, demolition, site preparation and infrastructure repair and installation

Geographic Eligibility: Small Businesses located in one of the damaged-declared counties.

Eligible Applicants: Any SBA/NC defined Small Business or agriculture enterprise who has documented unmet recovery needs related to Hurricane

Matthew, or will contribute to the economic recovery of one of the damage-declared counties through the addition of jobs and added economic activity to the community. Eligible applicants may also include local and county governments and nonprofits, who are engaged in activities that support small business economic recovery in the most impacted areas.

Program Name: ***Community Recovery Program***

Funding in this program can be used to address a wide range of community recovery and infrastructure needs including engaging in projects that restore, repair, rebuild, or make more resilient public assets that were impacted by Matthew. Examples include but are not limited to: roads, schools, water and wastewater treatment facilities, parks, and other public facilities that communities have determined are important publicly owned assets. The funds provided in this round will primarily be for recovery projects that are community-based projects or for cost share for FEMA disaster recovery programs including the HMGP and the PA Program, which allows the State to have FEMA provide 75% of the cost for each project with the State or applicant providing the remaining 25%. Via HMGP, the State is offering homeowners who live in the floodplain or have homes that suffer repetitive losses, the opportunity to take part in a state-run buyout program that allows homeowners to sell their homes and relocate to higher and safer ground.

In addition to using funds to implement community recovery plans from the planning process that was completed in the summer of 2017, the State will be using funds to address the non-federal share requirements for other Federal disaster recovery programs. To ensure that the nonfederal share program remains compliant with HUD, The State has added two activities, debris removal and buyout and acquisition as eligible activities, as to utilize CDBG-DR funds for non-federal share program activities, the State must identify one eligible HUD activity in addition to match as an eligible activity.

In addition to the planning process, FEMA’s disaster recovery programs have a 25% local cost share. Currently 423 units of local government and not-for-profits have obligated FEMAPA claims. While costs within the PA program are expected to increase, currently there is $292,780,272 obligated to address recovery from Matthew with an estimated total match across the disaster of $101,585,557.

The State’s HMGP is focused on offering a voluntary homeowner buyout program for residents who wish to sell their homes and relocate to higher and safer ground out of the floodplain. This program is dramatically oversubscribed, with over 2,987 residents requesting a buyout. FEMA provided funding for the buyout program will only cover 800 homes whose total cost is $100,649,434. FEMA will only provide 75% of the total cost of the program providing $75,487,098 in funds, leaving a $26,162,366 match that is an unmet need that the State will be providing through this program. In addition to funding provided in this allocation, the State will implement a HUD funded housing buyout program providing an additional $10 million of funds to acquire more homes.

Program Description:

The community recovery program will be managed and run by North Carolina Emergency Management. Emergency Management will implement the program by providing grants to assist to local and county jurisdictions and not-for-profits to repair and make more resilient storm damaged facilities after factoring in FEMA funding, other federal funds, and private insurance proceeds. While the program is expected to be primarily state managed, the State may enter in subrecipient agreements with units of governments or not-for-profit entities in storm impacted areas to implement specific programs. Funding for the community recovery program is expected to be used to cover the nonfederal share or local match for FEMA disaster recovery programs, centered on the PA and HMGP, however a significant portion of the funds may also be used to address recovery and resiliency needs of public facilities that are not covered by FEMA PA and or have been identified through the county recovery and resiliency plans.

Each UGLG's total allocation for the program will be determined based on criteria outlined and published in the program's policy and procedure manual that is shown on the DOC's website. Additional program specific information will be contained in the policy and procedures manual, including how projects were selected. All applicants in this program will need to clearly document that the facility was substantially damaged by Matthew. They will also need to document that the facility is used and needed by residents living in the community and that the applicant has accessed and exhausted all other resources to address the recovery need. While a project's total cost can exceed $2 million no project can use more than $2 million of CDBG-DR funds within a project. In the event that a UGLG desires to use more than $2M of its CDBG-DR allocation for a project, a written request must be submitted to the State, prior to entering into project design, to exceed the $2 million cap. The request should justify how the proposed use of funds addresses a recovery objective for the UGLG and is subject to approval by the State.

Due to the large unmet need, the State plans to prioritize funding to assist community facilities that serve older adults, children, persons with disabilities, and/or families living in poverty. It will also prioritize funding projects that are located within a substantially damaged, town, cities, or neighborhoods.

Activity Types: To repair, replace, rebuild, make more resilient or improve public facilities that were damaged by Hurricane Matthew. To engage in public service activities that support community recovery and or to provide funds to cover the local match from other Federal disaster recovery programs primarily FEMA.

Allocation for Activity: $2,000,000. Total Program Allocation is $19,883,239. The State as documented in its policy and procedures manual will provide specific allocation of funds to UGLGs.

Maximum Award: Up to $2,000,000 per project. Applicants can on a case by case request an exception to the maximum award amount.

National Objective: LMI, Urgent Need, Slum and Blight

Eligible Activity: Sec. 105 (a) (1) (2) (3) (4) (5) (7) (8) (9) (11) (12) (14) (15) (16) (17) (21) (22) (23) – public facilities, public services, debris removal, relocation, buyout and acquisition, and payment of the non-federal share

Geographic Eligibility: Projects must be in a Federally declared county for Hurricane Matthew.

Eligible Applicants: Local, county and State governments, non-profit organizations in a storm eligible county. All applicants in FEMA PA program with a DR-4285 designated project who have been determined to be eligible for funding.

General Eligibility Requirements

The State's initial Action Plan, described in detail the general eligibility requirements for the program. These requirements remain in force with this Action plan and can be found on the DOC's website.

Leveraging

The State's initial Action Plan and through this Amendment has described how, given the limited resources and large amount of unmet need, that the State would need to leverage and maximize every resource made available to the State to address the recovery needs from Matthew. Since the posting of the original Action Plan, the State has continued to advance strategies that will maximize Federal funds, and is looking at innovative strategies and techniques that other States who are recovering from disasters are employing to repair, rebuild, and make more resilient public and private assets. The State continues to look for additional funding to address large unmet needs in three primary areas;

1. Funds in the housing and Homeowner Assistance Programs;

2. Funds for the community recovery program that will not only address public assets that were damaged by Matthew but also funding for innovative projects identified through the planning process that will make communities more resilient to future storm events; and

3. Targeted recovery funds for the business community focusing on the needs of rural businesses and key industry sectors including the agriculture industry.

The State is committed to maximizing the impact and use of all CDBG-DR funds. This includes ensuring that all other available funds available for recovery are utilized before CDBG-DR funds are used; continuing to work in close coordination with other local, State, and federal agencies, to address North Carolina's recovery needs; and, when feasible, combining CDBG-DR funds with other public and private investment as a means to increase the overall benefit to impacted residents, families, businesses, and communities.

Program Income

In the previously submitted Action Plan, the State described how any program income that is derived will be utilized to address remaining unmet recovery needs within the program area where the program income was derived. This Action Plan Amendment modifies how the State will address program income. In the event that the State receives program income from a project, the State will assess and determine how to redeploy the program income to other recovery programs that maintain unmet recovery needs. The determination of what program to allocate the funding will be based on existing program priorities, determining what remaining unmet needs have not been addressed with prior CDBG-DR funding, and prioritizing what programs are in the most urgent need. While throughout the life of this recovery program priorities are expected to change, the State currently estimates the program area with the most pressing unmet recovery need is housing. In the event that program income results from economic revitalization and development projects or from assisting small business through the planned revolving loan program, to address other recovery needs in the housing or community recovery program areas, the State may use the program income generated from those programs and create a revolving loan fund for future generations of loans to address remaining unmet recovery needs and community recovery and revitalization objectives that are consistent with the policies and procedures of the program.

The State will retain up to 5% of any funds to address unanticipated administrative costs resulting from the program income. The maximum 5% administrative cap will be maintained for the overall total of CDBG-DR funds including program income. In the case that program income is generated through an activity that a subrecipient undertakes, the State, in consultation with the sub-recipient, may determine that program income will remain with the subrecipient, providing the activity or activities in the subrecipient agreement continue to have unmet need. The State reserves the right to have the program income be returned to the State to address other unmet recovery needs. In the case of a subrecipient which maintains no remaining unmet needs, any program income shall be returned to the State. The State will then redeploy the funds to programs and projects in a manner consistent with this policy. The State's administrative policy and procedure manual will document how reallocation of any program income will occur.

Schedule of Expenditures and Outcomes

With the additional $37,976,000 in funding provided in the second substantial Action Plan combined with $8,000,000 of funds reallocated from planning and capacity building to programs areas, the State of North Carolina has updated the schedule of expenditures and outcomes section shown in the original Action Plan to reflect the new allocation. As is outlined in this document, the additional funding was provided to five (5) programs: Supportive Housing and Services, Small Business Recovery and Community Recovery Programs, and funds were used to create the Homeowner Assistance and Housing Buyout and Acquisition Programs. Buyout and Elevation was included in the original Action Plan but not funded, and, in this allocation, are now a funded program area. All funds will be expended within six years of HUD's grant execution date. The State anticipates that it will expend funds based on the following expenditure schedule and anticipated outcomes.

Table 20: Expenditure and Outcome Schedule

Housing	07/2017	10/2017	01/2018	4/2018	07/2018	10/2018	01/2019	4/2019	07/2019	10/2019	01/2020
Projected Expenditures	$0	$0	$0	$0	$0	$500,000	$11,297,840	$22,095,680	$32,893,520	$43,691,360	$54,489,200
Quarterly Projection	$0	$0	$0	$0	$0	$500,000	$10,797,840	$10,797,840	$10,797,840	$10,797,840	$10,797,840
Actual Expenditure	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Actual Quarterly Expend (from QPRs)	$0	$0	$0	$0	$0						

4/2020	07/2020	10/2020	01/2021	4/2021	07/2021	10/2021	01/2022	4/2022	07/2022	10/2022	01/2023	4/2023	07/2023
$65,287,040	$76,084,880	$86,882,720	$97,680,560	$108,478,400	$119,276,240	$130,074,080	$140,871,920	$151,669,760	$162,467,600	$166,966,702	$171,465,804	$175,964,906	$180,464,008
$10,797,840	$10,797,840	$10,797,840	$10,797,840	$10,797,840	$10,797,840	$10,797,840	$10,797,840	$10,797,840	$10,797,840	$4,499,102	$4,499,102	$4,499,102	$4,499,102
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0

Non-Housing	07/2017	10/2017	01/2018	4/2018	07/2018	10/2018	01/2019	4/2019	07/2019	10/2019	01/2020
Projected Expenditures	$0	$0	$0	$225,000	$812,000	$2,590,567	$5,408,756	$8,226,945	$11,045,134	$13,863,323	$15,934,377
Quarterly Projection	$0	$0	$0	$225,000	$587,000	$1,778,567	$2,818,189	$2,818,189	$2,818,189	$2,818,189	$2,071,054
Actual Expenditure	$0	$0	$0	$277,283	$864,283	$864,283	$864,283	$864,283	$864,283	$864,283	$864,283
Actual Quarterly Expend (from QPRs)	$0	$0	$0	$277,283	$587,000						

4/2020	07/2020	10/2020	01/2021	4/2021	07/2021	10/2021	01/2022	4/2022	07/2022	10/2022	01/2023	4/2023	07/2023
$17,380,430	$18,826,484	$20,272,538	$21,718,592	$23,164,645	$24,610,699	$26,056,753	$27,502,807	$28,948,860	$30,394,914	$30,891,995	$31,389,076	$31,886,157	$32,383,238
$1,446,054	$1,446,054	$1,446,054	$1,446,054	$1,446,054	$1,446,054	$1,446,054	$1,446,054	$1,446,054	$1,446,054	$497,081	$497,081	$497,081	$497,081
$864,283	$864,283	$864,283	$864,283	$864,283	$864,283	$864,283	$864,283	$864,283	$864,283	$864,283	$864,283	$864,283	$864,283

Planning & Admin	07/2017	10/2017	01/2018	4/2018	07/2018	10/2018	01/2019	4/2019	07/2019	10/2019	01/2020
Projected Expenditures	$0	$0	$0	$300,000	$1,417,000	$2,689,690	$3,962,381	$5,235,071	$6,507,762	$7,780,452	$9,053,143
Quarterly Projection	$0	$0	$0	$300,000	$1,117,000	$1,272,690	$1,272,690	$1,272,690	$1,272,690	$1,272,690	$1,272,690
Actual Expenditure	$0	$0	$0	$578,686	$1,695,564	$1,695,564	$1,695,564	$1,695,564	$1,695,564	$1,695,564	$1,695,564
Actual Quarterly Expend (from QPRs)	$0	$0	$0	$ 578,686	$ 1,116,878						

	4/2020	07/2020	10/2020	01/2021	4/2021	07/2021	10/2021	01/2022	4/2022	07/2022	10/2022	01/2023	4/2023	07/2023
Projected Expenditures	$10,325,833	$11,598,524	$12,871,214	$14,143,905	$15,416,595	$16,689,286	$17,961,976	$19,234,667	$20,507,357	$21,780,048	$22,310,336	$22,840,623	$23,370,911	$23,901,199
Quarterly Projection	$1,272,690	$1,272,690	$1,272,690	$1,272,690	$1,272,690	$1,272,690	$1,272,690	$1,272,690	$1,272,690	$1,272,690	$530,288	$530,288	$530,288	$530,288
Actual Expenditure	$1,695,564	$1,695,564	$1,695,564	$1,695,564	$1,695,564	$1,695,564	$1,695,564	$1,695,564	$1,695,564	$1,695,564	$1,695,564	$1,695,564	$1,695,564	$1,695,564
Actual Quarterly Expend (from QPRs)														

Total Expenditures	07/2017	10/2017	01/2018	4/2018	07/2018	10/2018	01/2019	4/2019	07/2019	10/2019	01/2020
Projected Expenditures	$0	$0	$0	$525,000	$2,229,000	$5,780,257	$20,668,977	$35,557,696	$50,446,416	$65,335,135	$79,476,720
Quarterly Projection	$0	$0	$0	$525,000	$1,704,000	$3,551,257	$14,888,719	$14,888,719	$14,888,719	$14,888,719	$14,141,584
Actual Expenditure	$0	$0	$0	$855,969	$2,559,847	$2,559,847	$2,559,847	$2,559,847	$2,559,847	$2,559,847	$2,559,847
Actual Quarterly Expend (from QPRs)	$0	$0	$0	$855,969	$1,703,878	$0	$0	$0	$0	$0	$0

	4/2020	07/2020	10/2020	01/2021	4/2021	07/2021	10/2021	01/2022	4/2022	07/2022	10/2022	01/2023	4/2023	07/2023
Projected Expenditures	$92,993,304	$106,509,888	$120,026,472	$133,543,057	$147,059,641	$160,576,225	$174,092,809	$187,609,394	$201,125,978	$214,642,562	$220,169,033	$225,695,503	$231,221,974	$236,748,445
Quarterly Projection	$13,516,584	$13,516,584	$13,516,584	$13,516,584	$13,516,584	$13,516,584	$13,516,584	$13,516,584	$13,516,584	$13,516,584	$5,526,471	$5,526,471	$5,526,471	$5,526,471
Actual Expenditure	$2,559,847	$2,559,847	$2,559,847	$2,559,847	$2,559,847	$2,559,847	$2,559,847	$2,559,847	$2,559,847	$2,559,847	$2,559,847	$2,559,847	$2,559,847	$2,559,847
Actual Quarterly Expend (from QPRs)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0

Minimum Threshold for Substantial Amendment

In the State's initial Action Plan, the State identified the thresholds which will trigger the requirement for a substantial amendment. Those thresholds being a) a change in program benefit or eligibility criteria, b) the addition or deletion of an activity or c) allocation or reallocation of $5 million within the approved Action Plan activity allocations. This Action Plan Amendment maintains these same threshold levels.

State of North Carolina Green Building Standards for Construction and Contractor Oversight

The State's initial Action Plan, published on the DOC's website, identified how the State planned to follow best energy practices identified by EPA. It also stated that the State will work with contractors to ensure that, to the greatest extent feasible when CDBG-DR funds are used, that green building standards will be incorporated into home repair, rebuilding, and construction activities and that green appliances and other materials will be used in the housing program when fiscally possible. Those efforts, best practices, and assurances remain in force for this Action Plan Amendment.

In addition, the initial Action Plan, provided direction and oversight for how the State will engage to oversee contractor and construction results. These efforts also remain in force and include language that North Carolina will implement and monitor construction results to ensure the safety of residents and the quality of homes assisted through the program. All repairs must comply with the current HUD HQS. In addition, North Carolina Emergency Management, responsible for implementation, will ensure applicants are aware of the risks associated with mold and take steps to limit the impact of any mold issues that may arise.

Contractor compliance will be maintained through the review and approval of monthly project performance reports, financial status reports, and documented requests for \ throughout the contract period. The State will utilize the HUD- provided contract reporting template (for PL 113-2) for upload to the Disaster Recovery Grant Reporting (DRGR) on a quarterly basis: https://www.hudexchange.info/resource/3898/public-law-113-2-contract- reporting-template/.

In addition to these internal mechanisms, the State will provide to applicants a hotline and online mechanisms to inform the State about contractor-related issues throughout the life of the program.

Broadband

The State's initial Action Plan, highlighted that all recipients receiving CDBG-DR funds for the substantial rehabilitation or new construction of residential units, with four or more units per structure, must include broadband infrastructure in accordance with program requirements. This requirement remains in force with this Action Plan Amendment.

Monitoring Standards and Procedures

The State's initial approved Action Plan, published on the DOC's website, identified how the State planned to provide monitoring and oversight of projects funded with HUD CDBG-DR funds. Those requirements remain in force with this Action Plan Amendment. The State will begin monitoring shortly after commencement of contracted activities, and risk-based on-site monitoring will occur as appropriate to contracted activities and award amounts. The State will also conduct at least one on-site monitoring visit with each subrecipient prior to project completion, to verify funds were expended appropriately.

The State will implement its monitoring and compliance program for both state managed and subrecipient managed programs using policies and guidance that are designed to be consistent with the US HUD monitoring policies as defined in the HUD Monitoring Desk Guide: Policies and Procedures for Program Oversight. The Desk Guide is located at: http://portal.hud.gov/hudportal/documents/huddoc?id=DOC_35339.pdf .

As was also disclosed in the initial Action Plan, the State will, at the beginning of each calendar year, conduct a monitoring Risk Analysis for all recipients of CDBG-DR funding. The Risk Analysis identifies risk criteria and establishes a baseline level of risk for each recipient on annual basis. The Risk Analysis is used to determine which recipients will need to receive an on-site monitoring visit during the funding year, the frequency of visits, and if additional reporting and monitoring requirements are necessary. Each criterion is weighted based on the level of risk indicated by each item and applicants that are selected for monitoring following the published procedures will be informed of the monitoring activity

Contractor Performance Standards and Appeals Process

In the State's initial approved Action Plan, the State outlined the contractor performance standards and appeals process, stating that construction contractors performing work funded with CDBG-DR funds shall be required to be a licensed contractor with the State of North Carolina and to possess all applicable licenses and permits from applicable jurisdictions where work will be performed, prior to incurring any costs to be CDBG-DR reimbursed. Licenses will confirm the required standards set forth by the applicable county, city and/or town code to conduct work within the jurisdiction and the reflected scope of work (SOW) in the construction contract. Permits will be the required registration and documentation of county, city, and/or town code to be secured prior to any construction work commences. It will be the obligation of the contractor to secure all such permits, provide copies to the State agency or subrecipient administering the contract prior to commencing work.

This requirement will be included as a standard provision in any applicable subrecipient agreement and will need to be enforced by the subrecipient involving housing, small business, or community recovery programs and or projects. All CDBG-DR-funded contracts involving construction contractors performing work for homeowners and small business activities shall be required to have in the contract work pertaining to an individual homeowner and small business owner a one-year warranty on all work performed. The contractor is required to provide notice six months and one month prior to the end of the one-year warranty to the homeowner and small business owner with a copy of each notice to the state agency and/or sub recipient administering the applicable activity.

Each homeowner and small business shall be provided prior to the commencement of any work involved through such contracts, a written notice of their right to appeal the work being performed when it is not to the standards set forth or the scope established. The homeowner and small business owner shall be provided an appeal contact person within the state agency or sub recipient responsible for managing the activity. Policies and procedures will be established as part of the activity setting forth timelines and step-by-step process for resolving appeals and said policies and procedures shall be provided to each homeowner and small business prior to the start of any work and shall be included in the contract with each participating contractor as an enforceable part of the contract.

Citizen Participation Plan

In the State's initial HUD approved Action Plan, the State outlined and provided a detailed description of the citizen participation plan. The Citizen Participation Plan remains in force and can be found on the North Carolina's DOC Hurricane Matthew website at http://www.nccommerce.com/rd and http://www.rebuild.nc.gov This website is featured prominently on, and is easily navigable from, the State's homepage www.nc.gov.

Citizen participation is key component in HUD disaster recovery programs and public engagement and inclusion is an important factor for the State as recovery programs are developed. North Carolina's Citizen Participation Plan includes sub sections relating to how the State will work with persons with Limited English Proficiency (LEP), and it informs the public that documents for this program will be translated into Spanish, and how the State will assist persons with disabilities so that they can be engaged in the recovery process. The participation plan also discusses the 14-day time period for public comment which is part of the Public Notice process, how the State seeks to encourage citizen participation in the Action Plan and outreach process, and what mechanisms are in place for citizen complaints and appeals relating to the use of these recovery funds.

The Citizen Participation Plan also includes information that allows the public to learn how projects are reported to HUD on quarterly basis, using HUD's DRGR system and explains the difference between how substantial and non-substantial amendments will be addressed and how the State will engage with participants in recovery programs.

Notice and Comment Period for Substantial Amendment 1

The State will post this and all Action Plans and amendments on the State's CDBG-DR website at http://www.nccommerce.com/rd and http://www.rebuild.nc.gov to give citizens an opportunity to read the plan and to submit comment(s). Please provide comments to Iris Payne at 919.814.4663 or ipayne@nccommerce.com. At the conclusion of the public comment period, all comments will be reviewed with the State providing responses to the comments. The State's consideration of all public comments can be reviewed in Attachment #1. Following submittal by the State of the action plan amendment to HUD, HUD has an expedited 60-day period to review and approve the amendment. The State estimates that this Action Plan Amendment will be submitted to HUD on or before January 18, 2019. Copies of the Final Action Plan will also be available upon request. The State estimates that HUD's 60-day period shall conclude on or before March 18, 2019. Upon approval by HUD, a final version of this amendment will be posted on the Departments website.

Appendix B - Public Comments